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**SCHEDULE E**

**POLICY FORMS AND ENDORSEMENTS**

This schedule contains copy of the current policy forms and endorsements which reflect the minimum coverage that will be accepted for award of this IFB.

In the event of any discrepancies between the insurance requirements delineated in these specifications and the model policy included herein, the bid specifications **shall** govern. This schedule is for informational purposes only and not to be used in awarding the contract.

Contents:

Wet Marine Policy No. GCM18521

(Section PL contains Pollution Liability forms through Great American Insurance Company)

**SPECIALTY INSURANCE  
PROGRAMS, INC.**

1340 POYDRAS STREET, STE. 1900  
NEW ORLEANS, LA 70112-1242  
PHONE 561-7830

Policy Number GCM 19487

Renewing No. GCM 18521

**BY THIS  
POLICY OF INSURANCE**

Effected By

**GULF COAST MARINE, INC.**

2626 N. Arnoult  
Metairie, LA 70002

The subscribers hereto, each severally but not jointly, do insure:

STATE OF LOUISIANA  
c/o OFFICE OF RISK MANAGEMENT  
DIVISION OF ADMINISTRATION  
P. O. Box 94095, Capitol Station  
Baton Rouge, Louisiana 70804-9095

(HEREINAFTER REFERRED TO AS THE ASSURED)

For the account of: Themselves  
Loss, if any, payable to: Assured or Order

From noon July 1, 2001 to noon July 1, 2004

Central Standard Time at the assured's place of business or residence as stated herein and in accordance with the terms and conditions of the form(s) attached.

On: Vessels and Property As Per Schedules Herein

Amount insured hereunder: As Per Schedules Rate: Various

Valued at: As Per Schedules Premium: \$743,626.00  
(Payable Annually)

Any provisions by law to be stated in policies issued by a subscriber hereto, shall be deemed to have been stated herein.

In event of litigation subscribers hereto agree to issue separate policies covering their subscription upon request.

Dated at Metairie, LA, U.S.A., September 4, 2001

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

## STATE OF LOUISIANA

### SCHEDULE OF COVERAGES

#### SCHEDULE OF VESSELS AND VALUES

*These pages are intentionally  
left out of this policy copy.  
Please refer to Schedule A for  
the list of vessels for FY 2002-  
2003.*

#### GENERAL CONDITIONS APPLICABLE TO ALL SECTIONS

SECTION HM -- HULL & MACHINERY

SECTION IV -- INCREASED VALUE OF HULL & MACHINERY

SECTION PI -- PROTECTION & INDEMNITY

SECTION XP -- EXCESS PROTECTION & INDEMNITY

SECTION PL -- POLLUTION LIABILITY

#### SCHEDULE OF ASSURERS

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

- 1.1 "The Insured may cancel the policy by returning it to the company or by giving the company advance notice of the date cancellation is to take effect. The company may cancel or non-renew the policy by mailing to the Insured by 'Certified Mail, Return Receipt Requested' (at the Insured's last known address by the company) written notice of cancellation at least:
  - 1.1.1 Thirty (30) days before the effective date of cancellation if cancellation is due to non-payment of premium; or
  - 1.1.2 One Hundred Twenty (120) days notice if cancellation or non-renewal is due to any other reason.

The company may deliver any notice instead of mailing it. A signed return receipt will be sufficient proof of notice. The effective date of cancellation stated in the notice shall become the end of the policy period."
- 1.2 "The inclusion of more than one Named Insured in the policy shall not affect the rights of any Named Insured as respects any claim or suit by any other Named Insured or by an employee of such other Insured."
- 1.3 "The policy shall insure each Named Insured in the same manner as though a separate policy had been issued to each, but nothing contained herein shall operate to increase the company's liability as set forth elsewhere in this policy beyond the amount or amounts for which the company would have been liable if only one Insured had been named, without the prior written approval of the Named Insured."
- 1.4 "For the insurance afforded herein, the State Risk Director for the Office of Risk Management/Division of Administration, State of Louisiana is authorized to act for all Insureds respecting the giving and receiving of notice of cancellation, non-renewal or material change, receiving any return premium or dividend, and changing any provisions of this coverage. Such notice or changes shall be mailed in care of the Office of Risk Management/Division of Administration, Post Office Box 94095, Capitol Station, Baton Rouge, Louisiana 70804-9095."
- 1.5 "Neither the Insured nor the company may cancel or eliminate any Section or Coverage Part of the policy without the consent of the other party. If either party elects to cancel, only the policy in its entirety, and not a Section of the policy, is subject to cancellation unless the two parties agree that a Section(s) or Coverage Part(s) of the policy will be eliminated."
- 1.6 "For the insurance afforded herein each state agency shall be considered a separate risk and exclusions contained in the policy shall not be invoked between such state agencies."



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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

- 2.1 "The policy of insurance is issued with the understanding that navigation is confined to the inland and coastal waters of the State of Louisiana."
- 2.2 "In consideration of premium charged, it is agreed that coverage hereunder shall not be subject to any warranties of seaworthiness (other than as respects Hull coverage at the time of initial attachment) unless specifically expressed herein. This clause, however, shall not affect the due diligence provision of the Inchmaree Clause nor shall this clause be interpreted as extending coverage for losses due to seaworthiness as an insured peril."
- 2.3 "The policy of insurance shall provide under the Hull and Machinery feature, coverage including strikes, riots and civil commotion."
- 2.4 "The policy of insurance shall provide Protection and Indemnity coverage to include Cargo Legal Liability coverage and full Pollution coverage."
- 2.5 "Bidder/Contractor shall furnish automatic Hull and Liability coverage on all newly acquired owned vessels for thirty (30) days. Limit of automatic Hull coverage shall not exceed \$5,000,000.00. Newly acquired shall be defined as the time at which the state has care, custody and control of the vessel."
- 2.6 "As respects confiscated or borrowed vessels, bidder/contractor shall furnish automatic Liability coverage only for ten (10) days."
- 2.7 "Contractor shall furnish automatic Hull (when required by lease agreement) and liability on leased vessels for ten (10) days. Automatic Hull coverage shall not exceed \$5,000,000.00."
- 2.8 "It is understood and agreed that this insurance excludes all claims in respect to crew and/or employees of the Assured for injuries, sickness, and death, when such are compensable under the Louisiana Workers' Compensation Law, LSHWA, and Maritime."
- 2.9 "It is agreed that if, in the ordinary course of business, the Assured is required to grant releases from liabilities or arrange for waiver of Underwriters' Rights of Subrogation, privilege is hereby granted to do so, provided prompt notice of any such action be given underwriters."
- 2.10 "In the event of cancellation or elimination by the insurance company, return premium shall be pro-rata. In the event of cancellation or elimination by the Insured, return premium shall be pro-rata less 10%. In the event of disposal (or sale) of an insured vessel, the return premium shall be pro-rata."

**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

2.11 "Assureds: With respect to: STATE OF LOUISIANA - DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT AND CRESCENT CITY CONNECTION DIVISION

The Crescent City Connection Division, formally referred to as the Mississippi River Bridge Authority, an Instrumentality of the State of Louisiana within the Department of Transportation and Development pursuant to Act 513 of 1976, Owner and the First National Bank of Commerce in New Orleans, Trustee, as their interests may appear.

Trading Warranty: Warranted by the Insured confined to the use and the navigation of the inland waters of the State of Louisiana.

Additional Assureds: With respect to vessels as per Schedules AA & BB as follows:

- Board of Commissioners of the Port of New Orleans
- Plaquemines Parish Commission Council

With respect to the Cable Ferry at the Bancker Canal Ferry location only:

- Police Jury of Vermillion Parish

(Warranted that provisions of Articles IV & VIII of the contract between Department of Transportation and Development and the Parish of Vermillion are fully and strictly complied with.)

SCHEDULE AA

- Ferry Boats:
1. "Westside"
  2. "Thomas Jefferson"
  3. "Captain Neville Levy"
  4. "Colonel Frank X. Armiger"
  5. "Senator Alvin T. Stumpf"
  6. "St. John"

SCHEDULE BB

- Pontoons:
1. Steel Pontoon - Chalmette Side, Paris Road Landing
  2. Steel Pontoon - Algiers Side, Paris Road Landing
  3. Steel Pontoon - New Orleans Side, Jackson Avenue Landing
  4. Steel Pontoon - Chalmette Side, Paris Road Landing
  5. Steel Pontoon - Gretna Side, Jackson Avenue Landing
  6. Steel Pontoon - New Orleans Side, Canal Street Landing
  7. Steel Pontoon - Algiers Side, Canal Street Landing"

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**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

- 2.12 "This policy covers automatically each vessel acquired, purchased or bareboat chartered by the Assured up to the following maximum limits of liability:

\$ 5,000,000.00 - Hull and Machinery  
\$25,000,000.00 - Protection and Indemnity

The agreed valuation under this clause shall be as follows:

1. With respect to Purchased Vessels:

The Purchase Price.

2. With respect to Bareboat Chartered Vessels:

The amount set forth in the charter party executed by Assured and Vessel Owner, or in the event of an oral bareboat charter, the amount agreed upon by the Assured and Owner; but in no event shall the amount be more than the original purchase price, or the amount the bareboat chartered vessel for which it was insured prior to being chartered to the Assured.

It is further agreed that the Assured shall give notice where practicable prior to such acquisition, and in any event within thirty (30) days after the acquisition of any vessel. Premium shall be paid at pro-rata to be agreed."

- 2.13 "It is understood and agreed with respect to the vessels 'Pelican' and 'Acadiana' only, the Navigation Warranty is amended to read as follows:

Warranted by the Assured confined to the use and navigation of the inland and coastal waters of Texas, Louisiana, Mississippi, Alabama and Florida including the entire Gulf of Mexico excluding the waters of Cuba and Mexico."

- 2.14 "It is understood and agreed, with respect to vessels other than the 'Pelican' and the 'Acadiana', the Navigation Warranty is amended to read as follows:

Warranted by the Assured confined to the use and navigation of the inland and coastal waters of the State of Louisiana."

- 2.15 "It is understood and agreed that Underwriters' Rights of Subrogation shall be considered waived against all Louisiana Domicile Political Subdivisions."

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

- 2.16 "It is understood and agreed that the company shall name LOOP, INC. as an Additional Insured as respects the following described vessels which are insured under (2855) Saltwater Fish Division - Marine Fisheries -- Department of Wildlife and Fisheries:

Vessel Description

1. "Shark" #LA17QPS  
34' Twin Screw Diesel, Hull #34
2. "Red Fish" #LA359PS  
1974 LAFCO 38' Aluminum Twin  
Screw Diesel Cabin Cruiser, Hull #1234
3. "Deep C" #943013 (Item 29 - SCHEDULE IV - LARGE BOATS, ETC.)  
1968 Sewart Seacraft 63' Custom Aluminum  
Twin Screw Diesel Coastal Cruiser
4. M/V "PELICAN" (Item 32 - SCHEDULE IV - LARGE BOATS, ETC.)  
105' Research Vessel

It is further understood and agreed that the company hereby waives its right of subrogation against LOOP, INC. as respects the vessels listed above. However, said waiver shall apply only to the extent to which the Named Insured has, in writing, waived such right against LOOP, INC.

In the event of cancellation of, or material change in this policy by this company, at least thirty (30) days prior written notice of such shall be given to the below listed concern:

LOOP, INC.  
Oil Center  
2150 Westbank Expressway  
Harvey, Louisiana 70058

It is understood and agreed that the "Other Than Owners", "As Owners of the Vessel", (contained in the opening paragraph of the SP-23 Form), "Limitation of Liability" and "Other Insurance" clauses, as found in this certificate, shall not apply with respect to:

LOOP, INC.  
One Seine Court, Box 6638  
New Orleans, Louisiana 70174-6638"

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

2.17 "It is understood and agreed that the following wording is added to this policy:

OTTO CANDIES, INC.

Permission is granted to charter the vessel(s) to OTTO CANDIES, INC. and/or its subsidiary or affiliated companies; and during the term of any such charter OTTO CANDIES, INC., its subsidiaries and affiliates, and/or any company, partnership, or individual operating the vessel, and/or anyone for whom the vessel(s) is/are working, shall be considered as Additional Insureds hereunder, and Underwriters' Rights of Subrogation against them and all rights under loan receipt or other such instrument are waived.

The coverage afforded to such Additional Assureds hereunder shall be in all respects and in all events identical with the coverage afforded to the owner of the vessel(s) named herein, and any limitation of coverage to loss, damage, or expense "as owner" or any other provision herein inconsistent with the coverage of such Additional Assureds identically with owners shall, as to such Additional Assureds, be deemed deleted.

It is expressly agreed that the insurance afforded by this policy is, and for all purposes shall be deemed to be primary of all other insurance, and any "other insurance clause" contained in this policy is hereby deleted.

This company agrees to give thirty (30) days prior written notice to OTTO CANDIES, INC. in the event of cancellation or material change in this policy.

Further, with respect to the Assured's operation with OTTO CANDIES, INC., the following clause is applicable:

CROSS LIABILITIES:

In the event of one of the Assureds incurring liability to any other of the Assureds, this policy shall cover the Assured against whom claims is or may be made in the same manner as if separate policies had been issued to each Assured. Nothing contained herein shall operate to increase Underwriters' limit of liability as set forth in this policy."

2.18 While the vessel M/V "PELICAN" is insured hereunder, it is understood and agreed that the following Company(s) shall be considered an Additional Insured hereunder and underwriters' Rights of Subrogation shall be considered waived against said Company(s), but only during such time as the vessel(s) insured hereunder is/are actually working for said Company(s). In the event of cancellation or material change of this policy/certificate thirty (30) days prior written notice days will be given to:

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC)

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO ALL SECTIONS OF THIS POLICY --

2.19 The provisions of the following Nuclear Exclusion Clause are hereby made a part of this policy:

**NUCLEAR EXCLUSION CLAUSE:**

This Policy does not insure against loss or damage caused by or resulting from nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy; however, subject to the foregoing and all provisions of this policy, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.



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**SECTION HM**

**Where the word "policy" appears herein, it shall be deemed to read "section".**

**THIS SECTION IS A SEPARATE INSURANCE BUT IS SUBJECT ALWAYS TO THE OTHER TERMS AND CONDITIONS STATED IN THIS POLICY EXCEPT FOR THE TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF SECTION IV, PI, XP AND PL.**



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**Metairie, LA 70002**

WITH RESPECT TO SECTION HM OF THIS POLICY --

**DEDUCTIBLE:**

The deductible amount deemed to be inserted in the attached

American Institute Hull Clauses (Line 30)  
and

American Institute Tug Form (Lines 36 and 37)

shall be

5% of the amount of insurance per vessel  
subject to a minimum of \$5,000.00 each vessel  
and a maximum of \$50,000.00 each vessel.

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## American Institute

S. R. & C. C. Endorsement (Hulls)  
September 8, 1959

87 B-46  
(Revised)

In consideration of an additional premium, as provided below, this insurance is extended to cover additional risks, from and after

Inception in accordance with the following clause:-

"This insurance also covers damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Notwithstanding the exclusions in the F. C. & S. Clause in the within policy 'vandalism,' 'sabotage,' and 'malicious mischief,' as used herein, shall be construed to include wilful or malicious physical injury to or destruction of the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of included percent. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.

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**American Institute Hull Clauses**  
(June 2, 1977)

7

To be attached to and form a part of Policy No. GCM 19487 of the Subscribing Underwriters  
The terms and conditions of the following clauses are to be regarded as substituted for those of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.

**ASSURED**

This Policy insures STATE OF LOUISIANA  
hereinafter referred to as the Assured.

If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would the Owner, had claim been made by the Owner as an Assured named in this Policy.

Underwriters waive any right of subrogation against affiliated, subsidiary or interrelated companies of the Assured, provided that such waiver shall not apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by any of the aforesaid companies, or with respect to any loss, damage or expense against which such companies are insured.

**LOSS PAYEE**

Loss, if any, payable to Assured  
or order.

Provided, however, Underwriters shall pay claims to others as set forth in the Collision Liability clause and may make direct payment to persons providing security for the release of the Vessel in Salvage cases.

**VESSEL**

The Subject Matter of insurance is the Vessel called the As Per Schedule  
or by whatsoever name or names the said Vessel is or shall be called, which for purposes of this insurance shall consist of and be limited to her hull, launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, apparatus, machinery, boilers, refrigerating machinery, insulation, motor generators or other electrical machinery.

In the event any equipment or apparatus not owned by the Assured is installed for use on board the Vessel and the Assured has assumed responsibility therefor, it shall also be considered part of the Subject Matter and the aggregate value thereof shall be included in the Agreed Value.

Notwithstanding the foregoing, cargo containers, barges and lighters shall not be considered a part of the Subject Matter of this insurance.

**DURATION OF RISK**

From the 1st day of July 20 01, Noon, Central Standard time  
to the 1st day of July 20 04, Noon, Central Standard time

Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the Underwriters, be held covered at a pro rata monthly premium to her port of destination.

In the event of payment by the Underwriters for Total Loss of the Vessel this Policy shall thereupon automatically terminate.

**AGREED VALUE**

The Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriters in this Policy, is and shall be valued at  
As Per Schedule Dollars.

**AMOUNT INSURED HEREUNDER**

As Per Schedule Dollars.

**DEDUCTIBLE**

Notwithstanding anything in this Policy to the contrary, there shall be deducted from the aggregate of all claims (including claims under the Sue and Labor clause and claims under the Collision Liability clause) arising out of each separate accident, the sum of \$ Per Schedule, unless the accident results in a Total Loss of the Vessel in which case this clause shall not apply. A recovery from other interests, however, shall not operate to exclude claims under this Policy provided the aggregate of such claims arising out of one separate accident if unreduced by such recovery exceeds that sum. For the purpose of this clause each accident shall be treated separately, but it is agreed that (a) a sequence of damages arising from the same accident shall be treated as due to that accident and (b) all heavy weather damage, or damage caused by contact with floating ice, which occurs during a single sea passage between two successive ports shall be treated as though due to one accident.

**PREMIUM**

The Underwriters to be paid in consideration of this insurance As Agreed  
Dollars being at the annual rate of As Agreed per cent, which premium shall be due on attachment. If the Vessel is insured under this Policy for a period of less than one year at pro rata of the annual rate, full annual premium shall be considered earned and immediately due and payable in the event of Total Loss of the Vessel.

**RETURNS OF PREMIUM**

Premium returnable as follows:

- Pro rata daily net in the event of termination under the Change of Ownership clause;
  - Pro rata monthly net for each uncommenced month if it be mutually agreed to cancel this Policy;
  - For each period of 30 consecutive days the vessel may be laid up in port for account of the Assured;
  - \_\_\_\_\_ cents per cent; net not under repair; or
  - \_\_\_\_\_ cents per cent; net under repair;
- provided always that:

**\*\* THIS PAGE DOES NOT HAVE TO BE RETURNED \*\***

47 (e) a Total Loss of the Vessel has not occurred during the currency of this Policy;  
 48 (b) in no case shall a return for lay-up be allowed when the Vessel is lying in exposed or unprotected waters or in any  
 49 location not approved by the Underwriters;  
 50 (c) in the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly;  
 51 (d) in no case shall a return be allowed when the Vessel is used as a storage ship or for lightering purposes;  
 52 If the Vessel is laid up for a period of 30 consecutive days, a part only of which attaches under this Policy, the Underwriters shall pay such proportion  
 53 of the return due in respect of a full period of 30 days as the number of days attaching hereto bears to 30. Should the lay-up period exceed 30 consecutive days;  
 54 the Assured shall have the option to elect the period of 30 consecutive days for which a return is recoverable.

#### NON-PAYMENT OF PREMIUM

55 In event of non-payment of premium 30 days after attachment, or of any additional premium when due, this Policy may be cancelled by the Underwriters  
 56 upon 10 days written or telegraphic notice sent to the Assured at this last known address or in care of the broker who negotiated this Policy. Such  
 57 proportion of the premium, however, as shall have been earned up to the time of cancellation shall be payable. In the event of Total Loss of the Vessel  
 58 occurring prior to any cancellation or termination of this Policy full annual premium shall be considered earned.

#### ADVENTURE

59 Beginning the adventure upon the Vessel, as above, and so shall continue and endure during the period aforesaid, as employment may offer, in port or at  
 60 sea, in docks and graving docks, and on ways, gridirons and pontoons, at all times, in all places, and on all occasions, services and trades; with leave to sail  
 61 or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but the Vessel may not be towed, except as is  
 62 customary or when in need of assistance, nor shall the Vessel render assistance or undertake towage or salvage services under contract previously arranged  
 63 by the Assured, the Owners, the Managers or the Charterers of the Vessel, nor shall the Vessel, in the course of trading operations, engage in loading or  
 64 discharging cargo at sea, from or into another vessel other than a barge, lighter or similar craft used principally in harbors or inland waters. The phrase  
 65 "engage in loading or discharging cargo at sea" shall include while approaching, leaving or alongside, or while another vessel is approaching, leaving or alongside  
 66 the Vessel.

67 The Vessel is held covered in case of any breach of conditions as to cargo, trade, locality, towage or salvage activities, or date of sailing, or loading or  
 68 discharging cargo at sea, provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any  
 69 amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.

#### PERILS

70 Touching the Adventures and Perils which the Underwriters are contented to bear and take upon themselves, they are of the Seas, Men-of-War, Fire,  
 71 Lightning, Earthquake, Enemies, Pirates, Rovers, Assailing Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Taking at Sea, Arrests, Restraints  
 72 and Detainments of all Kings, Princes and Peoples, of what nation, condition or quality soever, Barratry of the Master and Mariners and of all other  
 73 like Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the Vessel, or any part thereof, excepting, how-ever, such  
 74 of the foregoing perils as may be excluded by provisions elsewhere in the Policy or by endorsement thereon.

#### ADDITIONAL PERILS (INCHMAREE)

75 Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by the following:  
 76 Accidents in loading, discharging or handling cargo, or in bunkering;  
 77 Accidents in going on or off, or while on drydocks, graving docks, way, gridirons or pontoons;  
 78 Explosions on shipboard or elsewhere;  
 79 Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect  
 80 in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);  
 81 Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;  
 82 Contact with aircraft, rockets or similar missiles, or with any land conveyance;  
 83 Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not an Assured hereunder;  
 84 Negligence of Masters, Officers, Crew or Pilots;  
 85 provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them. Masters,  
 86 Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.

#### DELIBERATE DAMAGE (POLLUTION HAZARD)

87 Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by governmental authorities acting  
 88 for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are  
 89 liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers  
 90 of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning  
 91 of this clause should they hold shares in the Vessel.

#### CLAIMS (GENERAL PROVISIONS)

92 In the event of any accident or occurrence which could give rise to a claim under this Policy, prompt notice thereof shall be given to the Underwriters,  
 93 and:  
 94 (a) where practicable, the Underwriters shall be advised prior to survey, so that they may appoint their own surveyor, if they so desire;  
 95 (b) the Underwriters shall be entitled to decide where the Vessel shall proceed for docking and/or repair (allowance to be made to the Assured for the actual  
 96 additional expense of the voyage arising from compliance with Underwriters' requirement);  
 97 (c) the Underwriters shall have the right to veto in connection with any repair firm proposed;  
 98 (d) the Underwriters may take tenders, or may require in writing that tenders be taken for the repair of the Vessel, in which event, upon acceptance  
 99 of a tender with the approval of the Underwriters, an allowance shall be made at the rate of 30 per cent, per annum on the amount insured, for  
 100 each day or pro rata for part of a day, for time lost between the issuance of invitations to tender and the acceptance of a tender, to the extent that  
 101 such time is lost solely as the result of tenders having been taken and provided the tender is accepted without delay after receipt of the Underwriters'  
 102 approval.  
 103 Due credit shall be given against the allowances in (b) and (d) above for any amount recovered:  
 104 (1) in respect of fuel, stores, and wages and maintenance of the Master, Officers or Crew allowed in General and Particular Average;  
 105 (2) from third parties in respect of damages for detention and/or loss of profit and/or running expenses;  
 106 for the period covered by the allowances or any part thereof.

107 No claim shall be allowed in Particular Average for wages and maintenance of the Master, Officers or Crew, except when incurred solely for the necessary  
 108 removal of the Vessel from one port to another for average repairs or for trial trips to test average repairs, in which cases wages and maintenance will be  
 109 allowed only while the Vessel is under way. This exclusion shall not apply to overtime or similar extraordinary payments to the Master, Officers or Crew  
 110 incurred in shifting the Vessel for tank cleaning or repairs or while specifically engaged in these activities, either in port or at sea.

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111 General and Particular Average shall be payable without deduction, new for old.  
 112 The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found.  
 113 No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom.  
 114 In the event of loss or damage to equipment or apparatus not owned by the Assured but installed for use on board the Vessel and for which the Assured  
 115 has assumed responsibility, claim shall not exceed (1) the amount the Underwriters would pay if the Assured were owner of such equipment or apparatus, or (2)  
 116 the contractual responsibility assumed by the Assured to the owners or lessors thereof, whichever shall be less.  
 117 No claim for unrepaid damages shall be allowed, except to the extent that the aggregate damage caused by perils insured against during the period of the  
 118 Policy and left unrepaid at the expiration of the Policy shall be demonstrated by the Assured to have diminished the actual market value of the Vessel on that  
 119 date if undamaged by such perils.

#### GENERAL AVERAGE AND SALVAGE

120 General Average and Salvage shall be payable as provided in the contract of affreightment, or failing such provision or there be no contract of affreightment,  
 121 payable at the Assured's election either in accordance with York-Antwerp Rules 1950 or 1974 or with the Laws and Usages of the Port of New York. Provided  
 122 always that when an adjustment according to the laws and usages of the port of destination is properly demanded by the owners of the cargo, General Average  
 123 shall be paid accordingly.  
 124 In the event of salvage, towage or other assistance being rendered to the Vessel by any vessel belonging in part or in whole to the same Owners or Charterers,  
 125 the value of such services (without regard to the common ownership or control of the vessels) shall be ascertained by arbitration in the manner provided for under  
 126 the Collision Liability clause in this Policy, and the amount so awarded so far as applicable to the interest hereby insured shall constitute a charge under  
 127 this Policy.  
 128 When the contributory value of the Vessel is greater than the Agreed Value herein, the liability of the Underwriters for General Average contribution (except  
 129 in respect to amounts made good to the Vessel), or Salvage, shall not exceed that proportion of the total contribution due from the Vessel which the amount  
 130 insured hereunder bears to the contributory value, and if, because of damage for which the Underwriters are liable as Particular Average, the value of the Vessel  
 131 has been reduced for the purpose of contribution, the amount of such Particular Average damage recoverable under this Policy shall first be deducted  
 132 from the amount insured hereunder, and the Underwriters shall then be liable only for the proportion which such net amount bears to the contributory  
 133 value.

#### TOTAL LOSS

134 In ascertaining whether the Vessel is a constructive Total Loss the Agreed Value shall be taken as the repaired value and nothing in respect of the  
 135 damaged or break-up value of the Vessel or wreck shall be taken into account.  
 136 There shall be no recovery for a constructive Total Loss hereunder unless the expense of recovering and repairing the Vessel would exceed the  
 137 Agreed Value. In making this determination, only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising  
 138 from the same accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be  
 139 claimed separately under the Sue and Labor clause.  
 140 In the event of Total Loss (actual or constructive), no claim to be made by the Underwriters for freight, whether notice of abandonment has been  
 141 given or not.  
 142 In no case shall the Underwriters be liable for unrepaid damage in addition to a subsequent Total Loss sustained during the period cover by this  
 143 Policy.

#### SUE AND LABOR

144 And in case of any Loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel  
 145 for, in, and about the defense, safeguard and recovery of the Vessel, or any part thereof, without prejudice to this Insurance, to the charges whereof  
 146 the Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriters or Assured  
 147 in recovering, saving and preserving the Vessel shall be considered as a waiver or acceptance of abandonment.  
 148 In the event of expenditure under the Sue and Labor clause, the Underwriters shall pay the proportion of such expenses that the amount insured  
 149 hereunder bears to the Agreed Value, and that the amount insured hereunder (less loss and/or damage payable under this Policy) bears to the actual  
 150 value of the salvaged property, whichever proportion shall be less; provided always that their liability for such expenses shall not exceed their proportionate  
 151 part of the Agreed Value.  
 152 If claim for Total Loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or  
 153 value recovered, the amount payable under this Policy will be the proportion of such excess that the amount insured hereunder (without deduction  
 154 for loss or damage) bears to the Agreed Value or to the sound value of the Vessel at the time of the accident, whichever value was greater; provided  
 155 always that Underwriters' liability for such expenses shall not exceed their proportionate part of the Agreed Value. The foregoing shall also apply to  
 156 expenses reasonably incurred in salvaging or attempting to save the Vessel and other property to the extent that such expenses shall be regarded as having  
 157 been incurred in respect of the Vessel.

#### COLLISION LIABILITY

158 And it is further agreed that:  
 159 a) If the Vessel shall come into collision with any other ship or vessel, and the Assured or the Surety in consequence of the Vessel being at fault  
 160 shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums in respect of such collision, the  
 161 Underwriters will pay the Assured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as their respective sub-  
 162 scriptions hereto bear to the Agreed Value, provided always that their liability in respect to any one such collision shall not exceed their propor-  
 163 tionate part of the Agreed Value;  
 164 (b) in cases where, with the consent in writing of a majority (in amount) of Hull Underwriters, the liability of the Vessel has been contested, or pro-  
 165 ceedings have been taken to limit liability, the Underwriters will also pay a like proportion of the costs which the Assured shall thereby incur  
 166 or be compelled to pay.  
 167 When both vessels are to blame, then, unless the liability of the owners or charterers of one or both such vessels becomes limited by law, claims  
 168 under the Collision Liability clause shall be settled on the principle of Cross-Liabilities as if the owners or charterers of each vessel had been compelled  
 169 to pay to the owners or charterers of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in  
 170 ascertaining the balance or sum payable by or to the Assured in consequence of such collision.  
 171 The principles involved in this clause shall apply to the case where both vessels are the property, in part or in whole, of the same owners or chart-  
 172 erers, all questions of responsibility and amount of liability as between the two vessels being left to the decision of a single Arbitrator, if the parties  
 173 can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Assured and one to be appointed  
 174 by the majority (in amount) of Hull Underwriters interested; the two Arbitrators chosen to choose a third Arbitrator before entering upon the reference,  
 175 and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to be final and binding.  
 176 Provided always that this clause shall in no case extend to any sum which the Assured or the Surety may become liable to pay or shall pay in conse-  
 177 quence of, or with respect to:  
 178 (a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;  
 179 (b) injury to real or personal property of every description;  
 180 (c) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever;  
 181 (d) cargo or other property or the engagements of the Vessel;  
 182 (e) loss of life, personal injury or illness.  
 183 Provided further that exclusion (b) and (c) above shall not apply to injury to other vessels or property thereon except to the extent that such injury  
 184 arises out of any action taken to avoid, minimize or remove any discharge, spillage, emission or leakage described in (c) above.



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#### PILOTAGE AND TOWAGE

185 This insurance shall not be prejudiced by reason of any contract limiting in whole or in part the liability of pilots, tugs, towboats, or their owners when  
186 the Assured or the agent of the Assured accepts such contract in accordance with established local practice.  
187 Where in accordance with such practice, pilotage or towage services are provided under contract requiring the Assured or the agent of the Assured:  
188 (a) to assume liability for damage resulting from collision of the Vessel insured with any other ship or vessel, including the towing vessel, or  
189 (b) to indemnify those providing the pilotage or towage services against loss or liability for any such damages,  
190 it is agreed that amount paid by the Assured or Surety pursuant to such assumed obligations shall be deemed payments "by way of damages to any other person  
191 or persons" and to have been paid "in consequence of the Vessel being at fault" within the meaning of the Collision Liability clause in this Policy to the extent  
192 that such payments would have been covered if the Vessel had been legally responsible in the absence of any agreement. Provided always that in no event shall  
193 the aggregate amount of liability of the Underwriters under the Collision Liability clause, including this clause, be greater than the amount of any statutory  
194 limitation of liability to which owners are entitled or would be entitled if liability under any contractual obligation referred to in this clause were included among  
195 the liabilities subject to such statutory limitations.

#### CHANGE OF OWNERSHIP

196 In the event of any change, voluntary otherwise, in the ownership or flag of the Vessel, or if the Vessel be placed under new management, or be chartered  
197 on a bareboat basis or requisitioned on that basis, or if the Classification Society of the Vessel or her class therein be changed, cancelled or withdrawn, then,  
198 unless the Underwriters agree thereto in writing, this Policy shall automatically terminate at the time of such change of ownership, flag, management, charter,  
199 requisition or classification; provided, however, that:  
200 (a) If the Vessel has cargo on board and has already sailed from her loading port, or is at sea in ballast, such automatic termination shall, if required,  
201 be deferred until arrival at final port of discharge if with cargo, or at port of destination if in ballast;  
202 (b) In the event of any involuntary temporary transfer by requisition or otherwise, without the prior execution of a written agreement by the Assured,  
203 such automatic termination shall occur fifteen days after such transfer.  
204 This insurance shall not inure to the benefit of any transferee or charterer of the Vessel and, if a loss payable hereunder should occur between the  
205 time of change or transfer and any deferred automatic termination, the Underwriters shall be subrogated to all of the rights of the Assured against the  
206 transferee or charterer in respect of all or part of such loss as is recoverable from the transferee or charterer, and in the proportion which the amount  
207 insured hereunder bears to the Agreed Value.  
208 The term "new management" as used above refers only to the transfer of the management of the Vessel from one firm or corporation to another, and  
209 it shall not apply to any internal changes within the offices of the Assured.

#### ADDITIONAL INSURANCES

210 It is a condition of this Policy that no additional insurance against the risk of Total Loss of the Vessel shall be effected to operate during the currency of  
211 this Policy by or for account of the Assured, Owners, Managers, Operators or Mortgagees except on the interests and up to the amounts enumerated in the  
212 following Sections (a) to (g), inclusive, and no such insurance shall be subject to P.P.I., F.I.A. or other like term on any interest whatever excepting those  
213 enumerated in Section (a); provided always and notwithstanding the limitation on recovery in the Assured clause a breach of this condition shall not afford the  
214 Underwriters any defense to a claim by a Mortgagee who has accepted this Policy without knowledge of such breach:  
215 (a) DISBURSEMENTS, MANAGERS' COMMISSIONS, PROFITS OR EXCESS OR INCREASED VALUE OF HULL AND MACHINERY, AND/OR SIMILAR  
216 INTERESTS HOWEVER DESCRIBED, AND FREIGHT (INCLUDING CHARTERED FREIGHT OR ANTICIPATED FREIGHT) INSURED FOR TIME.  
217 An amount not exceeding in the aggregate 25% of the Agreed Value.  
218 (b) FREIGHT OR HIRE, UNDER CONTRACTS FOR VOYAGE. An amount not exceeding the gross freight or hire for the current cargo passage and next  
219 succeeding cargo passage (such insurance to include, if required, a preliminary and an intermediate ballast passage) plus the charges of insurance.  
220 In the case of a voyage charter where payment is made on a time basis, the amount shall be calculated on the estimated duration of the voyage,  
221 subject to the limitation of two cargo passages as laid down herein. Any amount permitted under this Section shall be reduced as the freight or hire  
222 is earned, by the gross amount so earned. Any freight or hire to be earned under the form of Charters described in (d) below shall not be permitted  
223 under this Section (b) if any part thereof is insured as permitted under said Section (d).  
224 (c) ANTICIPATED FREIGHT IF THE VESSEL SAILS IN BALLAST AND NOT UNDER CHARTER. An amount not exceeding the anticipated gross freight  
225 on next cargo passage, such amount to be reasonably estimated on the basis of current rate of freight at time of insurance, plus the charges of insurance.  
226 Provided, however, that no insurance shall be permitted by this Section if any insurance is effected as permitted under Section (b).  
227 (d) TIME CHARTER HIRE OR CHARTER HIRE FOR SERIES OF VOYAGES. An amount not exceeding 50% of the gross hire which is to be earned under  
228 the charter in a period not exceeding 18 months. Any amount permitted under this Section shall be reduced as the hire is earned under the charter by  
229 50% of the gross amount so earned but, where the charter is for a period not exceeding 18 months, the amount insured need not be reduced while  
230 it does not exceed 50% of the gross hire still to be earned under the charter. An insurance permitted by this Section may begin on the signing of  
231 the charter.  
232 (e) PREMIUMS. Any amount not exceeding the actual premiums of all interest insured for a period not exceeding 12 months (excluding premiums insured  
233 as permitted under the foregoing Sections be including, if required, the premium or estimated calls on any Protection and Indemnity or War Risks  
234 and Strikes insurance) reducing pro rata monthly.  
235 (f) RETURNS OF PREMIUM. An amount not exceeding the actual returns which are recoverable subject to "an arrival" or equivalent provision under any  
236 policy of insurance.  
237 (g) INSURANCE IRRESPECTIVE OF AMOUNT AGAINST:--Risks excluded by War, Strikes and Related Exclusions clause; risks enumerated in the American  
238 Institute War Risks and Strikes Clauses; and General Average and Salvage Disbursements.

#### WAR STRIKES AND RELATED EXCLUSIONS

239 The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy.  
240 This Policy does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of:  
241 (a) Capture, seizure, arrest, restraint or detention, or any attempt thereof; or  
242 (b) Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or  
243 (c) Any mine, bomb or torpedo not carried as cargo on board the Vessel; or  
244 (d) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or  
245 (e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or  
246 (f) Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; or  
247 (g) Malicious acts or vandalism, unless committed by the Master or Mariners and not excluded elsewhere under this War Strikes and Related Exclusions  
248 clause; or  
249 (h) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (h) not to exclude collision or contact with aircraft,  
250 rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a hostile act  
251 by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the case of a  
252 collision, any other vessel involved therein, is performing. As used here, "power" includes any authority maintaining, naval, military or air forces in  
253 association with a power.  
254 If war risks or other risks excluded by this clause are hereafter insured by endorsement on this Policy, such endorsement shall supersede the above conditions  
255 only to the extent that the terms of such endorsement are inconsistent therewith and only while such endorsement remains in force.

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American Institute  
TUG FORM  
(August 1, 1976)

53R-1

To be attached to and form a part of Policy No. GCM 19487  
of the Subscribing Underwriters  
The terms and conditions of the following clauses are to be regarded as substituted for those of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.

**ASSURED**

This Policy insures STATE OF LOUISIANA hereinafter referred to as the Assured.

If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would the Owner, had claim been made by the Owner as an Assured named in this Policy.

Underwriters waive any right of subrogation against affiliated, subsidiary or interrelated companies of the Assured, provided that such waiver shall not apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by any of the aforesaid companies, or with respect to any loss, damage or expense against which such companies are insured.

**LOSS PAYEE**

Loss, if any, (excepting claims required to be paid to others under the Collision and Tower's Liability Clause), payable to Assured  
or order.

**VESSEL**

The Subject Matter of insurance is the Vessel called the As Per Schedule  
or by whatsoever name or names the said Vessel is or shall be called, which for purposes of this insurance shall consist of and be limited to her hull, launches, lifeboats, rafts, furniture, bunkers, stores, supplies, tackle, fittings, equipment, apparatus, machinery, boilers, refrigerating machinery, insulation, motor generators or other electrical machinery.

In the event any equipment or apparatus not owned by the Assured is installed for use on board the Vessel and the Assured has assumed responsibility therefor, it shall also be considered part of the Subject Matter and the aggregate value thereof shall be included in the Agreed Value.

In the event that more than one vessel is insured by this Policy, all of these clauses shall apply as though a separate policy had been issued with respect to each vessel.

**TRADING WARRANTY**

Warranted that the Vessel shall be confined to As Per Schedule

Any breach of the Trading Warranty specified in this Policy shall result in a suspension thereof, provided, however, that on the return of the Vessel in a seaworthy condition to within the limit stated in the said Trading Warranty this Policy shall re-attach and continue in full force and effect but in no event beyond the normal expiry thereof.

**DURATION OF RISK**

From the 1st day of July 20 01 Noon, Central Standard time.  
to the 1st day of July 20 04 Noon, Central Standard time.

Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the Underwriters, be held covered at a pro rata monthly premium to her port of destination.

In the event of payment by the Underwriters for Total Loss of the Vessel this Policy shall thereupon automatically terminate.

**AGREED VALUE**

The Vessel, for so much as concerns the Assured, by agreement between the Assured and the Underwriters in this Policy, is and shall be valued at As Per Schedule Dollars.

**AMOUNT INSURED HEREUNDER**

As Per Schedule Dollars.

**PREMIUM**

The Underwriters to be paid in consideration of this insurance As Agreed  
Dollars being at the annual rate of As Agreed per cent,  
which premium shall be due on attachment.

**DEDUCTIBLE**

Notwithstanding anything in this Policy to the contrary, there shall be deducted from the aggregate of all claims (including claims under the Sue and Labor clause and claims under the Collision Liability clause) arising out of each separate accident, the sum of \$ Per Schedule, unless the accident results in a Total Loss of the Vessel in which case this clause shall not apply to the claim for the Total Loss of the Vessel and to claims under the Sue and Labor clause. A recovery from other interests, however, shall not operate to exclude claims under this Policy provided the aggregate of such claims arising out of one separate accident if unreduced by such recovery exceeds that sum. For the purpose of this clause each accident shall be treated separately, but it agreed that (a) a sequence of damages arising from the same accident shall be treated as due to that accident and (b) all heavy weather damage which occurs during a single sea passage between two successive ports shall be treated as though due to one accident.

**RETURNS OF PREMIUM**

Premium returnable as follows:  
Pro rata daily net in the event of termination under the Change of Ownership clause;  
Pro rata daily if this Policy be cancelled by the Underwriters;  
short rate will be charged if this Policy be cancelled by the Assured;  
cents per cent, for each period of 30 consecutive days the Vessel may be laid up in port not under repair;



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48 provided always that:  
 49 (a) from all return premiums the same percentage of deduction (if any) shall be made as was allowed by the Underwriters on receipt of the original  
 50 premium;  
 51 (b) a Total loss of the vessel has not occurred during the currency of this Policy;  
 52 (c) in no case shall a return for lay-up be allowed when the Vessel is lying in exposed or unprotected waters or in any location not approved by the  
 53 Underwriters;  
 54 (d) in the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly.  
 55 If the Vessel is laid up for a period of 30 consecutive days, a part only of which attaches under this Policy, the Underwriters shall pay such pro-portion  
 56 of the return due in respect of a full period of 30 days as the number of days attaching hereto bears to 30. Should the lay-up period exceed 30 consecutive  
 57 days, the Assured shall have the option to elect the period of 30 consecutive days for which a return is recoverable.

#### CANCELLATION

58 This policy may be cancelled either by the Underwriters or by the Assured giving a 15 days' written or telegraphic notice to the other. Underwriters'  
 59 notice may be sent to the Assured's last known address or in care of the Broker who negotiated this Policy. In the event of Total loss of the Vessel occurring  
 60 prior to any cancellation or termination of this Policy, full annual premium shall be considered earned.

#### ADVENTURE

61 Beginning the adventure upon the Vessel, as above, and so shall continue and endure during the period aforesaid, subject to all the terms, conditions  
 62 and warranties of this Policy, as employment may offer, in port or at sea, in docks and graving docks, and on ways, gridirons and pontoons, at all times,  
 63 in all places, and on all occasions.

#### PERILS

64 Touching the Adventures and Perils which the Underwriters are contented to bear and take upon themselves, they are of the Seas, Waters named herein,  
 65 Fire, Lightning, Earthquake, Assaulting Thieves, Jettisons, Barratry of the Master and Mariners and all other like Perils that shall come to the Hurt, Detriment  
 66 or Damage of the Vessel.

#### ADDITIONAL PERILS (INCHMAREE)

67 Subject to the conditions of this Policy, this insurance also covers loss of or damage to the Vessel directly caused by the following:  
 68 Accidents in loading, discharging or handling cargo, or in bunkering;  
 69 Accidents in going on or off, or while on drydocks, graving docks, way, gridirons or pontoons;  
 70 Explosions on shipboard or elsewhere;  
 71 Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent  
 72 defect in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);  
 73 Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;  
 74 Contact with aircraft, rockets or similar missiles, or with any land conveyance;  
 75 Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not an Assured hereunder;  
 76 Negligence of Masters, Officers, Crew or Pilots;  
 77 provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them.

#### COLLISION AND TOWER'S LIABILITY

78 And it is further agreed that:  
 79 (a) if the Vessel hereby insured shall come into collision with any other vessel, craft or structure, floating or otherwise (including her tow); or shall strand  
 80 her tow or shall cause her tow to come into collision with any other vessel, craft or structure, floating or otherwise, or shall cause any other loss or  
 81 damage to her tow or to the freight thereof or to the property on board, and the Assured, or the Surety, in consequence of the insured Vessel being  
 82 at fault, shall become liable to pay and shall pay by way of damages to any other person or persons any sum or sums, we, the Underwriters, will pay  
 83 the Assured or the Surety, whichever shall have paid, such proportion of such sum or sums so paid as our subscriptions hereto bear to the value  
 84 of the Vessel hereby insured, provided always that our liability in respect of any one such casualty shall not exceed our proportionate part of the value  
 85 of the Vessel hereby insured;  
 86 (b) in cases where the liability of the Vessel has been contested or proceedings have been taken to limit liability with the consent in writing, of a majority  
 87 (in amount) of the Underwriters on the hull and machinery, we will also pay a like proportion of the costs which the Assured shall, thereby incur or  
 88 be compelled to pay.  
 89 When both vessels are to blame, then, unless the liability of the Owners of one or both of such vessels becomes limited by law, claims under the Collision  
 90 and Tower's Liability clause shall be settled on the principle of Cross-Liabilities, as if the Owners of each vessel had been compelled to pay to the Owners  
 91 of the other of such vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum  
 92 payable by or to the Assured in consequence of such casualty.  
 93 It is hereby further agreed that the principles involved in this clause shall apply to the case where two or more of the vessels involved are the property,  
 94 in part or in whole, of the same Assured, all questions of responsibility and amount of liability as between such Vessels being left to the decision of a single  
 95 Arbitrator, if the parties can agree upon a single Arbitrator, or failing such agreement, to the decision of Arbitrators, one to be appointed by the Assured  
 96 and one to be appointed by a majority (in amount) of the Underwriters on hull and machinery; the two Arbitrators so chosen to choose a third Arbitrator  
 97 before entering upon the reference, and the decision of such single Arbitrator, or of any two of such three Arbitrators, appointed as above, to  
 98 be final and binding.  
 99 Provided always that this Collision and Tower's Liability clause shall in no case extend to any sum which the Assured or the Surety may become liable  
 100 to pay, or shall pay:  
 101 I. for loss, damage or expense to vessel(s) in tow owned (other than vessel(s) bareboat chartered, managed or operated  
 102 by the Assured and/or its affiliated and/or subsidiary companies and/or corporations, and to cargo, owned by the Assured and/or it affiliated and/or subsidiary  
 103 companies and/or corporations, on board vessel(s) in tow of the Vessel hereby insured; or  
 104 II. in consequence of, with respect to, or arising out of:  
 105 (a) removal or disposal of obstructions, wrecks or their cargoes under statutory powers or otherwise pursuant to law;  
 106 (b) cargo, baggage or engagements of the insured Vessel;  
 107 (c) loss of life, personal injury or illness;  
 108 (d) the discharge, spillage, emission or leakage of oil, petroleum products, chemicals or other substances of any kind or description whatsoever.  
 109 Provided, further that Exclusion II(d) shall not apply to actual physical loss of or damage to such substances (if liability therefore is otherwise covered  
 110 under the attached Policy) except to the extent that such loss or damage arises out of any action taken to avoid, minimize or remove any discharge, spillage,  
 111 emission or leakage described in Exclusion II(d).

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#### GENERAL AVERAGE AND SALVAGE

112 General Average and Salvage shall be payable in accordance with the laws and usages of the port of New York, but excluding wages, provisions, fuel  
113 and engine stores during detention however caused.  
114 And it is further agreed that in the event of salvage, towage or other assistance being rendered to the Vessel hereby insured by any vessel belonging in  
115 part or in whole to the same owners or charterers, the value of such services (without regard to the common ownership or control of the vessels) shall be  
116 ascertained by arbitration in the manner above provided for under the Collision and Tower's Liability clause, and the amount so awarded so far as applicable  
117 to the interest hereby insured shall constitute a charge under this Policy.  
118 When the contributory value of the Vessel is greater than the Agreed Value herein, the liability of the Underwriters for General Average contribution  
119 (except in respect to amounts made good to the Vessel), or Salvage, shall not exceed that proportion of the total contribution due from the Vessel which the  
120 amount insured hereunder bears to the contributory value; and if, because of damage for which the Underwriters are liable as Particular Average, the value  
121 of the Vessel has been reduced for the purpose of contribution, the amount of such Particular Average damage recoverable under this Policy shall first be  
122 deducted from the amount insured hereunder, and the Underwriters shall then be liable only for the proportion which such net amount bears to the  
123 contributory value.

#### SUE AND LABOR

124 And in case of any Loss or Misfortune, it shall be lawful and necessary for the Assured, their Factors, Servants and Assigns, to sue, labor and travel for,  
125 in, and about the defense, safeguard and recovery of the Vessel, or any part thereof, without prejudice to this insurance, to the charges whereof the  
126 Underwriters will contribute their proportion as provided below. And it is expressly declared and agreed that no acts of the Underwriters or Assured in  
127 recovering, saving and preserving the Vessel shall be considered as a waiver or acceptance of abandonment.  
128 In the event of expenditure under the Sue and Labor clause, the Underwriters shall pay the proportion of such expenses that the amount insured hereunder  
129 bears to the Agreed Value, and that the amount insured hereunder (less loss and/or damage payable under this Policy) bears to the actual value of the  
130 salvaged property, whichever proportion shall be less; provided always that their liability for such expenses shall not exceed their proportionate part of the  
131 Agreed Value.  
132 If claim for Total Loss is admitted under this Policy and sue and labor expenses have been reasonably incurred in excess of any proceeds realized or  
133 value recovered, the amount payable under this Policy will be the proportion of such excess that the amount insured hereunder (without deduction for loss  
134 or damage) bears to the Agreed Value or to the sound value of the Vessel at the time of the accident, whichever value was greater; provided always that  
135 Underwriters' liability for such expenses shall not exceed their proportionate part of the Agreed Value. The foregoing shall also apply to expenses reasonably  
136 incurred in salving or attempting to save the Vessel and other property to the extent that such expenses shall be regarded as having been incurred in respect  
137 of the Vessel.

#### SEAWORTHINESS

138 The Underwriters shall not be liable for any loss, damage or expense arising out of the failure of the Assured to exercise due diligence to maintain the  
139 Vessel in a seaworthy condition after attachment of this Policy; the foregoing, however, not to be deemed a waiver of any warranty of seaworthiness implied  
140 at law.

#### WATCHMAN

141 It is agreed that when this Vessel is tied up or moored, it shall be at all times in charge of a watchman in the employ of the Assured, whose duty it shall  
142 be to make careful examination of the Vessel throughout at reasonable intervals, including inspection of the bilges.

#### CHANGE OF OWNERSHIP

143 In the event of any change, voluntary or otherwise, in the ownership or flag of the Vessel, or if the Vessel be placed under new management, or be  
144 chartered on a bareboat basis or requisitioned on that basis, or if the Classification Society of the Vessel or her class therein be changed, cancelled or  
145 withdrawn, then, unless the Underwriters agree thereto in writing, this Policy shall automatically terminate at the time of such change of ownership, flag,  
146 management, charter, requisition or classification; provided, however, that in the event of an involuntary temporary transfer by requisition or otherwise, without  
147 the prior execution of a written agreement by the Assured, such automatic termination shall occur fifteen days after such transfer. This insurance shall not  
148 inure to the benefit of any transferee or charterer of the Vessel and, if a loss payable hereunder should occur between the time of change or transfer any  
149 deferred automatic termination, the Underwriters shall be subrogated to all of the rights of the Assured against the transferee or charterer in respect of all or  
150 part of such loss as is recoverable from the transferee or charterer, and in the proportion which the amount insured hereunder bears to the  
151 Agreed Value.  
152 The term "new management" as used above refers only to the transfer of the management of the Vessel from one firm or corporation to another, and it  
153 shall not apply to any internal changes within the offices of the Assured.

#### ADDITIONAL INSURANCES

154 It is a condition of this Policy that there shall be no other insurance against physical loss of or damage to the Vessel for or on account of the Assured  
155 except that the Assured may, without prejudice to this insurance, insure:  
156 (a) War, Strikes and related risks not covered by this Policy;  
157 (b) Risks identical to those covered by this Policy for the difference in amount, if any, between the "AMOUNT INSURED HEREUNDER" and the  
158 "AGREED VALUE"  
159 provided that any breach of the above condition shall not afford the Underwriters any defense to a claim by a mortgagee who has accepted this Policy without  
160 knowledge of such breach.

#### CLAIMS (GENERAL PROVISIONS)

161 In the event of any accident or occurrence which could give rise to a claim under this Policy, prompt notice thereof shall be given to the  
162 Underwriters, and:  
163 (a) where practicable, the Underwriters shall be advised prior to survey, so that they may appoint their own surveyor, if they so desire;  
164 (b) the Underwriters shall be entitled to decide where the Vessel shall proceed for docking and/or repair (allowance to be made to the Assured for the  
165 actual additional expense of the voyage arising from compliance with Underwriters' requirement);  
166 (c) the Underwriters shall have the right to veto in connection with any repair firm proposed;  
167 (d) the Underwriters may take tenders or require tenders to be taken for the repair of the Vessel, in which event, upon acceptance of a tender with the  
168 approval of the Underwriters, an allowance shall be made at the rate of 30 per cent, per annum on the amount insured, for each day or pro  
169 rata for part of a day, for time lost between the insurance of invitations to tender and the acceptance of a tender, to the extent that  
170 such time is lost solely as the result of tenders having been taken and provided the tender is accepted without delay after receipt of  
171 the Underwriters' approval.  
172 Due credit shall be given against the allowances in (b) and (d) above for any amount recovered:  
173 (1) in respect of fuel, stores, and wages and maintenance of the Master, Officers or Crew allowed in General and Particular Average;  
174 (2) from third parties in respect of damages for detention and/or loss of profit and/or running expenses; for the period covered by the allowances or any  
175 parts thereof.  
176 No claim shall be allowed in Particular Average for wages and maintenance of the Master, Officers or Crew, except when incurred solely for the necessary  
177 removal of the Vessel from one port to another for average repairs or for trial trips to test average repairs, in which cases wages and maintenance will be  
178 allowed only while the Vessel is under way.  
179 General and Particular Average shall be payable without deduction, new for old.  
180 The expense of sighting the bottom after stranding shall be paid, if reasonably incurred especially for that purpose, even if no damage be found.  
181 No claim shall in any case be allowed in respect of scraping or painting the Vessel's bottom.

**\*\* THIS PAGE DOES NOT HAVE TO BE RETURNED \*\***

182 In the event of loss or damage to equipment or apparatus not owned by the Assured but installed for use on board the Vessel and for which the Assured  
183 has assumed responsibility, claim shall not exceed (1) the amount the Underwriters would pay if the Assured were owner of such equipment or apparatus,  
184 or (2) the contractual responsibility assumed by the Assured to the owners or lessors thereof, whichever shall be less.  
185 No claim for unrepaired damages shall be allowed, except to the extent that the aggregate damage caused by perils insured against during the period  
186 of the Policy and left unrepaired at the expiration of the Policy shall be demonstrated by the Assured to have diminished the actual market value of the Vessel  
187 on that date if undamaged by such perils.

#### TOTAL LOSS

188 There shall be no recovery for a constructive Total Loss hereunder unless the expense of recovering and repairing the Vessel would exceed the Agreed  
189 Value. In making this determination, only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising from the same  
190 accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be claimed separately under  
191 the Sue and Labor clause.  
192 In ascertaining whether the Vessel is a constructive Total Loss the Agreed Value shall be taken as the repaired value and nothing in respect of the  
193 damaged or break-up value of the Vessel or wreck shall be taken into account.  
194 In the event of Total Loss (actual or constructive), no claim to be made by the Underwriters for freight, whether notice of abandonment has been given  
195 or not.  
196 In no case shall the Underwriters be liable for unrepaired damage in addition to a subsequent Total Loss sustained during the period cover by this  
197 Policy.

#### SUBROGATION

198 Upon making any payment under this Policy the Underwriters shall be vested with all of the Assured's rights of recovery against any person, corporation,  
199 vessel or interest, and the Assured shall execute and deliver such instruments and papers as the Underwriters shall require and do whatever else is necessary  
200 to secure such rights at the time of payment or subsequent thereto. At the option of the Underwriters, such payment may be made by means of a loan receipt  
201 repayable only out of any recovery made by the Underwriters as aforesaid. Such loan receipt shall be in the Customary form permitting Underwriters to bring  
202 suit in the name of the Assured or the Underwriters at the latter's own cost and expense.  
203 Any agreement, contract or act, past or future, express or implied, by the Assured whereby any right of recovery of the Assured against any person,  
204 corporation, vessel or interest is released, decreased, transferred or lost which would, on payment of claim by the Underwriters, belong to the Underwriters  
205 but for such agreement, contract or act shall render this Policy null and void as to the amount of any such claim, but only to the extent and to the amount that  
206 said agreement, contract or act releases, decreases, transfers, or causes the loss of any right or recovery of the Underwriters, but the Underwriters' right to  
207 retain or recover the full premium shall not be affected.

#### LITIGATION AND DEFENSE

208 The Underwriters shall have the option of naming the Attorneys who shall represent the Assured in the prosecution or defense of any litigation or  
209 negotiations between the Assured and third parties concerning any claim, loss or interest covered by this Policy, and the Underwriters shall have the direction  
210 of such litigation or negotiations. If the Assured shall fail or refuse to settle any claim as authorized by the Underwriters, the liability of the Underwriters to the  
211 Assured shall be limited to the amount for which settlement could have been made.  
212 No suit, action or proceedings brought by the Assured against the Underwriters for the recovery of any claim under this Policy shall be sustainable in any  
213 court of law or equity unless the same be commenced within twelve (12) months after the Underwriters have been denied liability for payment of claim; except  
214 that in the case of a claim arising under the Collision and Tower's Liability clause, no suit or action shall be sustainable unless brought within twelve (12)  
215 months next after the Assured shall have discharged his liability. Provided, however that if by the laws of the State within which this Policy is issued such  
216 limitation is invalid, then any such claim shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the  
217 laws of such State.

#### WAR STRIKES AND RELATED EXCLUSIONS

218 The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy.  
219 This Policy does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of:  
220 (a) Capture, seizure, arrest, restraint or detainment, or any attempt thereof; or  
221 (b) Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or  
222 (c) Any mine, bomb or torpedo not carried as cargo on board the Vessel; or  
223 (d) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or  
224 (e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or  
225 (f) Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power, malicious acts or vandalism; or  
226 (g) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (g) not to exclude collision or contact with  
227 aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly by a  
228 hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned or, in the  
229 case of a collision, any other vessel involved therein, is performing. As used here, "power" includes any authority maintaining, naval, military or air  
230 forces in association with a power.  
231 If war risks or other risks excluded by this clause are hereafter insured by endorsement on this Policy, such endorsement shall supersede the above  
232 conditions only to the extent that the terms of such endorsement are inconsistent therewith and only while such endorsement remains in force.

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	<i>SCHEDULE E</i>	*		*	
B-143	*	<i>POLICY FORMS &amp;</i>	*	May 23, 2002	*	49 of 82
		<i>ENDORSEMENTS</i>				
<b>** THIS PAGE DOES NOT HAVE TO BE RETURNED **</b>						

**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

#### **SECTION IV**

**Where the word "policy" appears herein, it shall be deemed to read "section".**

**THIS SECTION IS A SEPARATE INSURANCE BUT IS SUBJECT ALWAYS TO THE OTHER TERMS AND CONDITIONS STATED IN THIS POLICY EXCEPT FOR THE TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF SECTION HM, PI, XP AND PL.**

PROPOSAL NO.	*	INVITATION FOR BID	*	DATE	*	PAGE
	*	SCHEDULE E	*		*	
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## American Institute

S. R. & C. C. Endorsement (Hulls)  
September 8, 1959

87 B-46  
(Revised)

In consideration of an additional premium, as provided below, this insurance is extended to cover additional risks, from and after

Inception in accordance with the following clause:-

"This insurance also covers damage to or destruction of the property insured directly caused by strikers, locked out workmen, or persons taking part in labor disturbances or riots or civil commotions or caused by vandalism, sabotage, or malicious mischief, but excluding civil war, revolution, rebellion or insurrection, or civil strife arising therefrom, and warranted free from any claim for delay, detention or loss of use, and free from all loss, damage or expense caused by any weapon of war employing atomic or nuclear fission and/or fusion or other reaction or radioactive force or matter.

Notwithstanding the exclusions in the F. C. & S. Clause in the within policy 'vandalism,' 'sabotage,' and 'malicious mischief,' as used herein, shall be construed to include wilful or malicious physical injury to or destruction of the described property caused by acts committed by an agent of any Government, party or faction engaged in war, hostilities, or other warlike operations, provided such agent is acting secretly and not in connection with any operations of military or naval armed forces in the country where the described property is situated."

Until further notice the Assured shall pay, for the additional protection afforded by the above clause, an additional premium of included percent. The Underwriters have the right nevertheless to change this rate at any time on 15 days written notice to the Assured; but the Assured shall have the option to cancel this endorsement as of the time when such change of rate would take effect, provided previous notice of such cancellation be given to the Underwriters. The rate may be changed as above notwithstanding strikes, labor troubles or civil commotions, on board the vessel or elsewhere, may be threatened or actually exist either at the time when such notice is given or when it takes effect.



**American Institute**  
**INCREASED VALUE AND EXCESS LIABILITIES CLAUSES**  
 (November 3, 1977)

129-P

To be attached to and form a part of Policy No. GCM 19487 of the Subscribing Underwriters

The terms and conditions of the following clauses are to be regarded as substituted for those of the policy form to which they are attached, the latter being hereby waived, except provisions required by law to be inserted in the Policy. All captions are inserted only for purposes of reference and shall not be used to interpret the clauses to which they apply.

**ASSURED**

1 This Policy insures STATE OF LOUISIANA  
 2 hereinafter referred

3 to as the Assured.

4 If claim is made under this Policy by anyone other than the Owner of the Vessel, such person shall not be entitled to recover to a greater extent than would  
 5 the Owner, had claim been made by the Owner as an Assured named in this Policy.

6 Underwriters waive any right of subrogation against affiliated, subsidiary or interrelated companies of the Assured, provided that such waiver shall not  
 7 apply in the event of a collision between the Vessel and any vessel owned, demise chartered or otherwise controlled by any of the aforesaid companies, or  
 8 with respect to any loss, damage or expense against which such companies are insured.

9 This insurance shall not be prejudiced by reason of any contract limiting in whole or in part the liability of pilots, tugs, towboats, or their owners when the  
 10 Assured or the Agent of the Assured accepts such contract in accordance with established local practice.

**LOSS PAYEE**

11 Loss, if any, payable to Assured

12 or order.

13  
 14 Provided, however, Underwriters shall pay claims to others as set forth in the Collision Liability clause and may make direct payment to persons providing  
 15 security for the release of the Vessel in Salvage cases.

16 On **INCREASED VALUE AND EXCESS LIABILITIES** of the Vessel called the As Per Schedule  
 17 (or by whatsoever name or names the said Vessel is or shall be called).

**AMOUNT INSURED HEREUNDER**

18 As Per Schedule Dollars.

**DURATION OF RISK**

19 From the 1st day of July 20 01, Noon, Central Standard time  
 20 to the 1st day of July 20 04, Noon, Central Standard time.

21 Should the Vessel at the expiration of this Policy be at sea, or in distress, or at a port of refuge or of call, she shall, provided previous notice be given  
 22 to the Underwriters, be held covered at a pro rata monthly premium to her port of destination.

23 In the event of payment by the Underwriters for Total Loss of the Vessel this Policy shall thereupon automatically terminate.

**PREMIUM**

24 The Underwriters to be paid in consideration of this insurance As Agreed

25 Dollars being at the annual rate of As Agreed per cent., which  
 26 premium shall be due on attachment. If the Vessel is insured under this Policy for a period of less than one year at pro rata of the annual rate,  
 27 full annual premium shall be considered earned and immediately due and payable in the event of Total Loss of the Vessel.

**RETURNS OF PREMIUM**

28 Premium returnable as follows:

29 Pro rata daily net in the event of termination under the Change of Ownership clause;

30 Pro rata monthly net for each uncommenced month if it be mutually agreed to cancel this Policy;

31 For each period of 30 consecutive days the vessel may be laid up in port for account of the Assured,

32 Nil cents per cent., net not under repair, or

33 Nil cents per cent., net under repair;

34 provided always that:

35 (a) A Total Loss of the Vessel has not occurred during the currency of this Policy;

36 (b) In no case shall a return for lay-up be allowed when the Vessel is lying in exposed or unprotected waters or in any location not approved by  
 37 the Underwriters;

38 (c) In the event of any amendment of the annual rate, the above rates of return shall be adjusted accordingly;

39 (d) In no case shall a return be allowed when the Vessel is used as a storage ship or for lightering purposes.

40 If the Vessel is laid up for a period of 30 consecutive days, a part only of which attaches under this Policy, the Underwriters shall pay such  
 41 proportion of the return due in respect of a full period of 30 days as the number of days attaching hereto bears to 30. Should the lay-up period exceed 30  
 42 consecutive days, the Assured shall have the option to elect the period of 30 consecutive days for which a return is recoverable.

**NON-PAYMENT OF PREMIUM**

43 In event of non-payment of premium 30 days after attachment, or of any additional premium when due, this Policy may be cancelled by the  
 44 Underwriters upon 10 days written or telegraphic notice sent to the Assured at this last known address or in care of the broker who negotiated this  
 45 Policy. Such proportion of the premium, however, as shall have been earned up to the time of cancellation shall be payable. In the event of Total Loss  
 46 of the Vessel occurring prior to any cancellation or termination of this Policy full annual premium shall be considered earned.

**\*\* THIS PAGE DOES NOT HAVE TO BE RETURNED \*\***

## ADVENTURE

Beginning the adventure upon the Vessel, as above, and so shall continue and endure during the period aforesaid, as employment may offer, in port or at sea, in docks and graving docks, and on ways, gridirons and pontoons, at all times, in all places, and on all occasions, services and trades; with leave to sail or navigate with or without pilots, to go on trial trips and to assist and tow vessels or craft in distress, but the Vessel may not be towed, except as is customary or when in need of assistance, nor shall the Vessel render assistance or undertake towage or salvage services under contract previously arranged by the Assured, the Owners, the Managers or the Charterers of the Vessel, nor shall the Vessel, in the course of trading operations, engage in loading or discharging cargo at sea, from or into another vessel other than a barge, lighter or similar craft used principally in harbors or inland waters. The phrase "engage in loading or discharging cargo at sea" shall include while approaching, leaving or alongside, or while another vessel is approaching, leaving or alongside the Vessel.

The Vessel is held covered in case of any breach of conditions as to cargo, trade, locality, towage or salvage activities, or date of sailing, or loading or discharging cargo at sea, provided (a) notice is given to the Underwriters immediately following receipt of knowledge thereof by the Assured, and (b) any amended terms of cover and any additional premium required by the Underwriters are agreed to by the Assured.

## COVERAGE

This insurance covers only:

(1) TOTAL LOSS (ACTUAL OR CONSTRUCTIVE) OF THE VESSEL directly caused by Perils of the Seas, Men-of-War, Fire, Lightning, Earthquake, Enemies, Pirates, Rovers, Assaulting Thieves, Jettisons, Letters of Mart and Counter-Mart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes and Peoples, of what nation, condition or quality soever, Barratry of the Master and Mariners and of all other like Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment or Damage of the Vessel, or any part thereof, excepting, however, such of the foregoing perils as may be excluded by provisions elsewhere in the Policy or by endorsement thereon. It shall also cover Total Loss (actual or constructive) directly caused by the following:-

- Accidents in loading, discharging or handling cargo, or in bunkering;
- Accidents in going on or off, or while on drydocks, graving docks, ways, gridirons or pontoons;
- Explosions on shipboard or elsewhere;
- Breakdown of motor generators or other electrical machinery and electrical connections thereto, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, (excluding the cost and expense of replacing or repairing the defective part);
- Breakdown of or accidents to nuclear installations or reactors not on board the insured Vessel;
- Contact with aircraft, rockets or similar missiles, or with any land conveyance;
- Negligence of Charterers and/or Repairers, provided such Charterers and/or Repairers are not an Assured hereunder;
- Negligence of Masters, Officers, Crew or Pilots;

provided such loss or damage has not resulted from want of due diligence by the Assured, the Owners or Managers of the Vessel, or any of them. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.

Subject to the conditions of this Policy, this insurance also covers Total Loss (actual or constructive) of the Vessel directly caused by governmental authorities acting for the public welfare to prevent or mitigate a pollution hazard, or threat thereof, resulting directly from damage to the Vessel for which the Underwriters are liable under this Policy, provided such act of governmental authorities has not resulted from want of due diligence by the Assured, the Owners, or Managers of the Vessel or any of them to prevent or mitigate such hazard or threat. Masters, Officers, Crew or Pilots are not to be considered Owners within the meaning of this clause should they hold shares in the Vessel.

In ascertaining whether the Vessel is a constructive Total Loss the Agreed Value in the policies on Hull and Machinery shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the Vessel or wreck shall be taken into account.

There shall be no recovery for a constructive Total Loss hereunder unless the expense of recovering and repairing the Vessel would exceed the Agreed Value in policies on Hull and Machinery. In making this determination, only expenses incurred or to be incurred by reason of a single accident or a sequence of damages arising from the same accident shall be taken into account, but expenses incurred prior to tender of abandonment shall not be considered if such are to be claimed separately under the Sue and Labor clause in said policies.

Provided that the policies on Hull and Machinery contain the above clauses with respect to the method of ascertaining whether the Vessel is a constructive Total Loss (or clauses having a similar effect), the settlement of a claim for Total Loss under the policies on Hull and Machinery shall be accepted as proof of the Total Loss of the Vessel under this Policy; and in the event of a claim for Total Loss being settled under the policies on Hull and Machinery as a compromised total loss, the amount payable hereunder shall be the same percentage of the amount hereby insured as the percentage paid on the amount insured under said policies.

Should the Vessel be a constructive Total Loss but the claim on the policies on Hull and Machinery be settled as a claim for partial loss, no payment shall be due under this Section (1).

Full interest admitted; the Policy being deemed sufficient proof of interest.

In the event of Total Loss, the Underwriters waive interest in any proceeds from the sale or other disposition of the Vessel or wreck.

(2) GENERAL AVERAGE AND SALVAGE not recoverable in full under the policies on Hull and Machinery by reason of the difference between the Agreed Value of the Vessel as stated therein (or any reduced value arising from the deduction therefrom in process of adjustment of any claim which law or practice or the terms of the policies covering Hull and Machinery may have required) and the value of the Vessel adopted for the purpose of contribution to General Average or Salvage, the liability under this Policy being for such proportion of the amount not recoverable as the amount insured hereunder bears to the said difference or to the total amount insured against excess liabilities if it exceed such difference.

(3) SUE AND LABOR CHARGES not recoverable in full under the policies on Hull and Machinery by reason of the difference between the Agreed Value of the Vessel as stated therein (or any reduced value arising from the deduction therefrom of any claim which the terms of the policies covering Hull and Machinery may have required) and the value of the Vessel adopted for the purpose of ascertaining the amount recoverable under the policies on Hull and Machinery, the liability under this Policy being for such proportion of the amount not recoverable as the amount insured hereunder bears to the said difference or to the total amount insured against excess liabilities if it exceed such difference.

(4) COLLISION LIABILITY (Including Costs) not recoverable in full under the Collision Liability clause (including the Pilotage and Towage extension) in the policies on Hull and Machinery by reason of such liability exceeding the Agreed Value of the Vessel as stated therein, in which case the amount recoverable under this Policy shall be such proportion of the difference so arising as the amount hereby insured bears to the total amount insured against excess liabilities.

Underwriters' liability under (1), (2), (3) and (4) is separate and shall not exceed the amount insured hereunder in any one section in respect of any one claim.



**\*\* THIS PAGE DOES NOT HAVE TO BE RETURNED \*\***

#### NOTICE OF CLAIM

112 When it becomes evident that any accident or occurrence could give rise to a claim under this Policy, prompt notice thereof shall be given to  
113 the Underwriters.

#### CHANGE OF OWNERSHIP

114 In the event of any change, voluntary or otherwise, in the ownership or flag of the Vessel, or if the Vessel be placed under new management, or be  
115 chartered on a bareboat basis or requisitioned on that basis, or if the Classification Society of the Vessel or her class therein be changed, cancelled or  
116 withdrawn, then, unless the Underwriters agree thereto in writing, this Policy shall automatically terminate at the time of such change of ownership, flag,  
117 management, charter, requisition or classification; provided, however, that:

118 (a) if the Vessel has cargo on board and has already sailed from her loading port, or is at sea in ballast, such automatic termination shall, if required,  
119 be deferred until arrival at final port of discharge if with cargo, or at port of destination if in ballast;

120 (b) in the event of an involuntary temporary transfer by requisition or otherwise, without the prior execution of a written agreement by the Assured,  
121 such automatic termination shall occur fifteen days after such transfer.

122 This insurance shall not inure to the benefit of any transferee or charterer of the Vessel and, if a loss payable hereunder should occur between the  
123 time of change or transfer and any deferred automatic termination, the Underwriters shall be subrogated to all of the rights of the Assured against the  
124 transferee or charterer in respect of all or part of such loss as is recoverable from the transferee or charterer, and in the proportion which the amount  
125 insured hereunder bears to the Agreed Value.

126 The term "new management" as used above refers only to the transfer of the management of the Vessel from one firm or corporation to another, and  
127 it shall not apply to any internal changes within the offices of the Assured.

#### WAR STRIKES AND RELATED EXCLUSIONS

128 The following conditions shall be paramount and shall supersede and nullify any contrary provisions of the Policy.

129 This Policy does not cover any loss, damage or expense caused by, resulting from, or incurred as a consequence of:

130 (a) Capture, seizure, arrest, restraint or detention, or any attempt thereat; or

131 (b) Any taking of the Vessel, by requisition or otherwise, whether in time of peace or war and whether lawful or otherwise; or

132 (c) Any mine, bomb or torpedo not carried as cargo on board the Vessel; or

133 (d) Any weapon of war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or

134 (e) Civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or piracy; or

135 (f) Strikes, lockouts, political or labor disturbances, civil commotions, riots, martial law, military or usurped power; or

136 (g) Malicious acts or vandalism, unless committed by the Master or Mariners and not excluded elsewhere under this War Strikes and Related Exclusions  
137 clause; or

138 (h) Hostilities or warlike operations (whether there be a declaration of war or not) but this subparagraph (h) not to exclude collision or contact with  
139 aircraft, rockets or similar missiles, or with any fixed or floating object, or stranding, heavy weather, fire or explosion unless caused directly  
140 by a hostile act by or against a belligerent power which act is independent of the nature of the voyage or service which the Vessel concerned  
141 or, in the case of a collision, any other vessel involved therein, is performing. As used herein, "power" includes any authority maintaining naval,  
142 military or air forces in association with a power.

143 If war risks or other risks excluded by this clause are hereafter insured by endorsement on this Policy, such endorsement shall supersede the above  
144 conditions only to the extent that the terms of such endorsement are inconsistent therewith and only while such endorsement remains in force.

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

**SECTION PI**

**Where the word "policy" appears herein, it shall be deemed to read "section".**

**THIS SECTION IS A SEPARATE INSURANCE BUT IS SUBJECT ALWAYS TO THE OTHER TERMS AND CONDITIONS STATED IN THIS POLICY EXCEPT FOR THE TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF SECTION HM, IV, XP AND PL.**

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO SECTION PI OF THIS POLICY --

**LIMIT OF LIABILITY:**

The Limit of Liability for each vessel insured is \$1,000,000.00 any one accident or occurrence. Liability hereunder in respect of loss, damage, costs, fees, expenses or claims arising out of or in consequence of any one occurrence is limited to the amount hereby insured. (For the purpose of this clause each occurrence shall be treated separately, but a series of claims hereunder arising from the same occurrence shall be treated as due to that occurrence.) The deductible sum(s) stated reduces the Limit of Liability of this policy.

**EXCESS COLLISION LIABILITY:**

With respect to vessels insured for less than \$1,000,000.00 under the Hull & Machinery section of this policy, the insurance afforded by this section is extended to include Excess Collision Liability (excess of Hull & Machinery amounts of insurance) up to \$1,000,000.00 any one accident or occurrence where applicable, all within the combined single limit of liability set forth in this section.

**DEDUCTIBLE:**

A deductible of \$50,000.00 any one accident or occurrence shall apply to claims covered under Paragraphs numbered 1, 2 and 3 of the Protection and Indemnity Form SP-23 (1/56) and a deductible of \$50,000.00 any one accident or occurrence shall apply to claims covered under the remaining paragraphs and clauses of the Protection and Indemnity Form SP-23 (1/56); but in no event shall the deductible exceed \$50,000.00 each accident or occurrence. The deductible sum(s) stated reduces the Limit of Liability of this policy.

**SPECIAL CONDITIONS:**

It is understood and agreed that this insurance excludes all claims in respect to crew and/or employees of the Assured for injuries, sickness, and death, when such are compensable under the Louisiana Workers' Compensation Law, LSHWA, and Maritime.

The definition of an "employee" shall include volunteer workers while acting in the service of the State of Louisiana.

It is understood the Protection & Indemnity coverage applies with respect to claims for loss of life or injury to masters or members of the crew and/or employees of the vessel including volunteer workers, while acting in the service of the State of Louisiana, subject to a deductible of \$1,000,000.00 for any one accident or occurrence for vessels operated by the Insured.

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

WITH RESPECT TO SECTION PI OF THIS POLICY --

**SPECIAL CONDITIONS:**  
(Continued)

Protection & Indemnity Underwriters hereby note and agree to include Sierra Club as an Additional Assured in respect of 38' Playcraft Pontoon and Underwriters agree to waive their rights of subrogation against such company. In the event of cancellation of this policy, thirty (30) days Notice of Cancellation will be provided except if due to non-payment where five (5) days will be given.

Notwithstanding the fact that such parties are hereby named in their capacity as Co-Assured in this Policy, this cover will only extend insofar as they may be found liable to pay in the first instance for liabilities which are properly the responsibility of the Assured, and nothing herein contained shall be construed as extending cover in respect of any amount which would not have been recoverable hereunder by the Assured had such claim been made or enforced against him. Once indemnification hereunder has been made there shall be no further liability hereunder to make any further payment to any person or company whatsoever, including the Assured, in respect of that claim.

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### **RESTRICTED POLLUTION COVERAGE WORDING**

**(Reg.No. NMB013)**

This Certificate will Not indemnify the Assured against any sum(s) paid, nor insure against any liability, with respect to any loss, damage, cost, liability, expense, fine or penalty of any kind or nature whatsoever, and whether statutory or otherwise, incurred by or imposed on the Assured, directly or indirectly, in consequence of or with respect to, the actual or potential discharge, emission, spillage or leakage upon or into the seas, waters, land or air, of oil, petroleum products, chemicals or other substances of any kind or nature whatsoever.

IN CONSIDERATION OF AN ADDITIONAL PREMIUM OF US\$ (Included) THE ABOVE POLLUTION EXCLUSION CLAUSE SHALL NOT APPLY TO LIABILITY OF THE ASSURED.

1. For loss of life of, or bodily injury to, any person; or,
2. For loss, damage or expense to any cargo carried on board the insured Vessel(s);

Provided always that

- 1) such liability is insured elsewhere under the terms and conditions of this Certificate, and all other terms and conditions, including any deductible provisions, of this Certificate shall remain unchanged

and

- 2) such liability arises in consequence of the sudden and accidental discharge, emission or spillage of polluting or contaminating substances.

Notwithstanding anything contained herein to the contrary, it is understood and agreed that this Certificate excludes any loss, damage, cost, liability, expense, fine, penalty or punitive damage resulting from the U.S. Oil Pollution Act of 1990 and/or Comprehensive Environmental Response Compensation Act of 1980 and/or Federal Water Pollution Control Act and/or other similar Federal and/or State Law, Act, and/or Regulation.

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# PROTECTION AND INDEMNITY

SP-23 (Revised 1/56)

The Assurer hereby undertakes to make good to the Assured or the Assured's executors, administrators and/or successors, all such loss and/or damage and/or expense as the Assured shall as owners of the vessel named herein have become liable to pay and shall pay on account of the liabilities, risks, events and/or happenings herein set forth:

- |  |     |   |
|--|-----|---|
| <b>Loss of Life, injury and illness</b>                                    | (1) | <p>Liability for loss of life of, or personal injury to, or illness of, any person, excluding, however, unless otherwise agreed by endorsement hereon, liability under any Compensation Act to any employee of the Assured, (other than a seaman) or in case of death to his beneficiaries or others.</p> <p>Protection hereunder for loss of life or personal injury arising in connection with the handling of cargo of the vessel named herein shall commence from the time of receipt by the Assured of the cargo on dock or wharf or on craft alongside the said vessel for loading thereon and shall continue until delivery thereof from dock or wharf of discharge or until discharge from the said vessel on to another vessel or craft.</p> |
| <b>Hospital, medical or other expenses</b>                                 | (2) | <p>Liability for hospital, medical, or other expenses necessarily and reasonably incurred in respect of loss of life of, personal injury to, or illness of any member of the crew of the vessel named herein or any other person. Liability hereunder shall also include burial expenses not exceeding Two Hundred (\$200) Dollars, when necessarily and reasonably incurred by the Assured for the burial of any seaman of said vessel.</p>  |
| <b>Repatriation expenses</b>   | (3) | <p>Liability for repatriation expenses of any member of the crew of the vessel named herein, necessarily and reasonably incurred, under statutory obligation, excepting such expenses as arise out of or ensue from the termination of any agreement in accordance with the terms thereof, or by the mutual consent, or by sale of the said vessel, or by other act of the Assured. Wages shall be included in such expenses when payable under statutory obligation, during unemployment due to the wreck or loss of the said vessel.</p>  |
| <b>Damage to other vessel or property on board caused by collision</b>     | (4) | <p>Liability for loss of, or damage to, any other vessel or craft, or to the freight thereof, or property on such other vessel or craft, caused by collision with the vessel named herein, insofar as such liability would not be covered by full insurance under the American Institute Time (Hulls) Form - Current Revision - or in case insurance hereunder is upon a towing vessel(s) American Institute Tug Form - Current Revision (including the four-fourths running-down clause).</p>  |
| <b>Principle of cross-liabilities to prevail</b>                           |     | <p>(a) Claims under this clause shall be settled on the principle of cross-liabilities to the same extent only as provided in the running-down clause above mentioned.</p> <p>(b) Claims under this clause shall be divided among the several classes of claims enumerated in this policy and each class shall be subject to the deduction and special conditions applicable in respect of such class.</p> <p>(c) Notwithstanding the foregoing, if any one or more of the various liabilities arising from such collision has been compromised, settled or adjusted without the written consent of the Assurer, the Assurer shall be relieved of liability for any and all claims under this clause.</p>   |
| <b>Damage to other vessel or property on board not caused by collision</b> | (5) | <p>Liability for loss of or damage to any other vessel or craft, or to property on such other vessel or craft, not caused by collision, provided such liability does not arise by reason of a contract made by the assured. Where there would be a valid claim hereunder but for the fact that the damaged property belongs to the Assured, the Assurer shall be liable as if such damaged property belonged to another, but only for the excess over any amount recoverable under any other insurance applicable on the property.</p>  |
| <b>Damage to docks, piers, etc.</b>  | (6) | <p>Liability for damage to any dock, pier, harbor, bridge, jetty, buoy, lighthouse, breakwater, structure, beacon, cable, or to any fixed or movable object or property whatsoever, except another vessel or craft, or property on another vessel or craft.</p> <p>Where there would be a valid claim hereunder but for the fact that the damaged property belongs to the Assured, the Assurer shall be liable as if such damaged property belonged to another, but only for the excess over any amount recoverable under any other insurance applicable on the property.</p>   |
| <b>Removal of wreck</b>  | (7) | <p>Liability for cost or expenses of, or incidental to, the removal of the wreck of the vessel named herein when such removal is compulsory by law, provided, however, that:</p>  |



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	(a)	There shall be deducted from such claim for cost or expenses, the value of any salvage from or which might have been recovered from the wreck, inuring, or which might have inured, to the benefit of the Assured.
	(b)	The Assurer shall not be liable for such costs or expenses which would be covered by full insurance under the American Institute Time (Hulls) Form - Current Revision - or in case insurance hereunder is upon a towing vessel(s) American Tug Form - Current Revision, or claims arising out of hostilities or war-like operations, whether before or after declaration of war.
Cargo	(8)	Liability for loss of, or damage to, or in connection with cargo or other property, excluding mail and parcel post, including baggage and personal effects of passengers, to be carried, carried, or which has been carried on board the vessel named herein:
Provided, however, that no liability shall exist under this provision for:		
Specie, bullion, precious stones, etc.	(a)	Loss, damage or expense arising out of or in connection with the custody, care, carriage or delivery of specie, bullion, precious stones, precious metals, jewelry, silks, furs, bank notes, bonds or other negotiable documents or similar valuable property, unless specially agreed to and accepted for transportation under a form of contract approved, in writing, by the Assurer.
Refrigeration	(b)	Loss of, or damage to, or in connection with cargo requiring refrigeration unless the space, apparatus and means used for care, custody, and carriage thereof have been surveyed by a classification surveyor or other competent disinterested surveyor under working conditions before the commencement of each voyage and found in all respects fit, and unless accepted for transportation under a form of contract approved, in writing, by the Assurer.
Passengers' effects	(c)	Loss, damage, or expense in connection with any passenger's baggage or personal effects, unless the form of ticket issued to the passenger shall have been approved, in writing, by the Assurer.
Stowage in improper places	(d)	Loss, damage, or expense arising from stowage of underdeck cargo on deck or stowage of cargo in spaces not suitable for its carriage, unless the Assured shall show that every reasonable precaution has been taken by him to prevent such improper stowage.
Deviation	(e)	Loss, damage, or expense arising from any deviation, or proposed deviation, not authorized by the contract of affreightment, known to the Assured in time to insure specifically the liability therefore, unless notice thereof is given to the Assurer and the Assurer agrees, in writing, that such insurance is unnecessary.
Freight on cargo short delivered	(f)	Freight on cargo short delivered, whether or not prepaid or whether or not included in the claim and paid by the Assured.
Misdescription of goods	(g)	Loss, damage, or expense arising out of or as a result of the issuance of Bills of Lading which, to the knowledge of the Assured, improperly describe the goods or their containers as to condition or quantity.
Failure to surrender Bill of Lading	(h)	Loss, damage, or expense arising out of delivery of cargo without surrender of Bill of Lading.
		And provided further that:
	(aa)	Liability hereunder shall in no event exceed that which would be imposed by law in the absence of contract.
Protective clauses required in contract of affreightment	(bb)	Liability hereunder shall be limited to such as would exist if the Charter Party, Bill of Lading or Contract of Affreightment contained the following clause (in substitution for the clause commonly known as the Jason Clause):



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Limit per package		<p>"In the event of accident, danger, damage or disaster before or after commencement of the voyage, resulting from any cause whatsoever, whether due to negligence or not, for which, or for the consequences of which, the shipowner is not responsible, by statute or contract or otherwise, the shippers, consignees or owners of the cargo shall contribute with the shipowner in general average to the payment of any sacrifices, losses or expenses of a general average nature that may be made or incurred, and shall pay salvage and special charges incurred in respect of the cargo."</p> <p>When cargo is carried by the vessel named herein under a bill of lading or similar document of title subject or made subject to the Carriage of Goods by Sea Act, April 16, 1936, liability hereunder shall be limited to such as imposed by said Act, and if the Assured or the vessel named herein assumes any greater liability or obligation than the minimum liabilities and obligations imposed by said Act, such greater liability or obligation shall not be covered hereunder.</p> <p>When cargo is carried by the vessel named herein under a charter party, bill of lading or contract of affreightment not subject or made subject to the Carriage of Goods by Sea Act, April 16, 1936, liability hereunder shall be limited to such as would exist if said charter party, bill of lading, or contract of affreightment contained the following clauses: a clause lifting the Assured's liability for total loss or damage to goods shipped to Two Hundred and Fifty (\$250) Dollars per package, or in case of goods not shipped in packages, per customary freight unit, and providing for pro rata adjustment on such basis for partial loss or damage; a clause exempting the Assured and the vessel named herein from liability for losses arising from unseaworthiness, even though existing at the beginning of the voyage, provided that due diligence shall have been exercised to make the vessel seaworthy and properly manned, equipped, and supplied; a clause providing that the carrier shall not be liable for claims in respect of cargo unless notice of claim is given within the time limited in such Bill of Lading and suit is brought thereon within the limited time prescribed therein; and such other protective clauses as are commonly in use in the particular trade; provided the incorporation of such clauses is not contrary to law.</p> <p>The foregoing provisions as to the contents of the Bill of Lading and the limitation of the Assurer's liability may, however, be waived or altered by the Assurers on terms agreed in writing.</p>
Assured's own cargo	(cc)	Where cargo on board the vessel named herein is the property of the Assured, such cargo shall be deemed to be carried under a contract containing the protective clauses described in the preceding paragraph, and such cargo shall be deemed to be fully insured under the usual form of cargo policy, and in case of loss thereof or damage thereto the Assured shall be insured hereunder in respect of such loss or damage only to the extent that they would have been covered if said cargo had belonged to another, but only in the event and to the extent that the loss or damage would not be recoverable under a cargo policy as hereinbefore specified.
Cotton Bills of Lading	(dd)	The Assured's liability for claims under Custody Cotton Bills of Lading issued under the conditions laid down by the Liverpool Bill of Lading Conference Committee, is covered subject to previous notice of contract and payment of an extra premium of two (\$.02) cents per ton gross register per voyage, but such additional premium shall be waived provided every bale is re-marked at port of shipment on another portion of the bale.
Land transportation not included	(ee)	<p>No liability shall exist hereunder for any loss, damage or expense in respect of cargo or other property being transported on land or on another vessel.</p> <p>No liability shall exist hereunder for any loss, damage or expense in respect of cargo before loading on or after discharge from the vessel named herein caused by flood, tide, windstorm, earthquake, fire, explosion, heat, cold, deterioration, collapse of wharf, leaky shed, theft or pilferage unless such loss, damage or expense is caused directly by the vessel named herein, her master, officers or crew.</p>
Customs, immigration or other fines or penalties	(9)	Liability for fines and penalties, including expenses necessarily and reasonably incurred in avoiding or mitigating same, for the violation of any of the laws of the United States, or of any State thereof, or of any foreign country; provided, however, that the Assurer shall not be liable to indemnify the Assured against any such fines or penalties resulting directly or indirectly from the failure, neglect, or default of the Assured or his managing officers or managing agents to exercise the highest degree of diligence to prevent a violation of any such laws.
Mutiny or other misconduct	(10)	Expenses incurred in resisting any unfounded claim by the master of the crew or other persons employed on the vessel named herein, or in prosecuting such persons in case of mutiny or other misconduct.
Extraordinary expenses in case of quarantine, etc.	(11)	Liability for extraordinary expenses resulting from outbreak of plague or other contagious disease, including such expenses incurred for disinfection of the vessel named herein or persons on board, or for quarantine, but excluding the ordinary expenses of loading and/or discharging, and the wages and provisions of crew and passengers; each claim under this provision is subject to a deduction of Two Hundred (\$200) Dollars. It is provided further, however, that if the vessel named herein be ordered to proceed to a port when it is or should be known that calling there will subject the vessel to the extraordinary expenses above mentioned, or to quarantine or disinfection there or elsewhere, the Assurer shall be under no obligation to indemnify the Assured for any such expenses.

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<b>Deviation for purpose of landing injured or ill</b>	(12)	Net loss due to deviation incurred solely for the purpose of landing and injured or sick seaman in respect of port charges incurred, insurance, bunkers, stores, and provisions consumed as a result of the deviation.
<b>Cargo's proportion of general average</b>	(13)	Liability for, or loss of, cargo's proportion of general average, including special charges, in so far as the Assured cannot recover same from any other source; subject however, to the exclusions of Section (8) and provided, that if the Charter Party, Bill of Lading, or Contract of Affreightment does not contain the quoted clause under Section 8 (bb) the Assurer's liability hereunder shall be limited to such as would exist if such clause were contained therein.
<b>Costs and charges</b>	(14)	Costs, charges, and expenses, reasonably incurred and paid by the Assured in defense against any liabilities insured against hereunder in respect of the vessel named herein, subject to the agreed deductibles applicable, and subject further to the conditions and limitations hereinafter provided.

#### GENERAL CONDITIONS AND/OR LIMITATIONS

<b>Prompt notice of claim</b>	Warranted that in the event of any occurrence which may result in loss, damage and/or expense for which this Assurer is or may become liable, the Assured will use due diligence to give prompt notice thereof and forward to the Assurer as soon as practicable after receipt thereof, all communications, processes, pleadings and other legal papers or documents relating to such occurrences.
<b>Settlement of claims</b>	The Assured shall not make any admission of liability, either before or after any occurrence which may result in a claim for which the Assurer may be liable. The Assured shall not interfere in any negotiations of the Assurer, for settlement of any legal proceedings in respect of any occurrences for which the Assurer is liable under this policy; provided, however, that in respect of any occurrence likely to give rise to a claim under this policy, the Assured are obligated to and shall take steps to protect their (and/or the Assurer's) interests as would reasonably be taken in the absence of this or similar insurance. If the Assured shall fail or refuse to settle any claim as authorized by Assurer, the liability of the Assurer to the Assured shall be limited to the amount for which settlement could have been made.
<b>Assured to assist with evidence in defense, etc.</b>	Whenever required by the Assurer the Assured shall aid in securing information and evidence and in obtaining witnesses and shall cooperate with the Assurer in the defense of any claim or suit or in the appeal from any judgment, in respect of any occurrence as hereinbefore provided.
<b>Law costs</b>	<p>The Assurer shall not be liable for the cost or expense of prosecuting or defending any claim or suit unless the same shall have been incurred with the written consent of the Assurer, or the Assurer shall be satisfied that such approval could not have been obtained under the circumstances without unreasonable delay, or that such costs and charges were reasonably and properly incurred, such cost or expense being subject to the deductible. The cost and expense of prosecuting any claim in which the Assurer shall have an interest by subrogation or otherwise, shall be divided between the Assured and the Assurer, proportionately to the amounts which they would be entitled to receive respectively, if the suit should be successful.</p> <p>The Assurer shall be liable for the excess where the amount deductible under this policy is exceeded by (A) the cost of investigating and/or successfully defending any claim or suit against the Assured based on a liability or an alleged liability of the Assured covered by this insurance, or (B) the amount paid by the Assured either under a judgment or an agreed settlement based on the liability covered herein including all costs, expenses of defense and taxable disbursements.</p>
<b>Subrogation</b>	<p>The Assurer shall be subrogated to all the rights which the Assured may have against any other person or entity, in respect of any payment made under this policy, to the extent of such payment, and the Assured shall, upon the request of the Assurer, execute all documents necessary to secure to the Assurer such rights.</p> <p>The Assurer shall be entitled to take credit for any profit accruing to the Assured by reason of any negligence or wrongful act of the Assured's servants or agents, up to the measure of their loss, or to recover for their own account from third parties any damage that may be provable by reason of such negligence or wrongful act.</p>

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**Cover elsewhere**

Provided that where the Assured is, irrespective of this insurance, covered or protected against any loss or claim which would otherwise have been paid by the Assurer, under this policy, there shall be no contribution by the Assurer on the basis of double insurance or otherwise.

**Assignments**

No claim or demand against the Assurer under this policy shall be assigned or transferred, and no person, excepting a legally appointed receiver of the property of the Assured, shall acquire any right against the Assurer by virtue of this insurance without the expressed consent of the Assurer.

**Actions against Assurers**

No action shall lie against the Assurer for the recovery of any loss sustained by the Assured unless such action is brought against the Assurer within one year after the final judgement or decree is entered in the litigation against the Assured, or in case the claim against the Assurer accrues without the entry of such final judgement or decree, unless such action is brought within one year from the date of the payment of such claim.

**Time limitation**

The Assurer shall not be liable for any claim not presented to the Assurer with proper proofs of loss within six (6) months after payment thereof by the Assured.

**Cancellation provisions;**

(a) If the vessel named herein should be sold or requisitioned and this policy be cancelled and surrendered, the Assurer to return TO BE AGREED for each thirty (30) consecutive days of the unexpired term of this insurance.

(b) In the event of non-payment of premium within sixty (60) days after attachment, this policy may be cancelled by the Assurer upon five (5) days' written notice being given the Assured.

(c) In the event that Sections 182 to 189, both inclusive, of U. S. Code, Title 46, or any other existing law or laws determining or limiting liability of shipowners and carriers, or any of them, shall, while this policy is in force, be modified, amended or repealed, or the liabilities of shipowners or carriers be increased in any respect by legislative enactment, the Assurer shall have the right to cancel said insurance upon giving thirty (30) days' written notice of their intention so to do, and in the event of such cancellation, make return of premium upon a pro rata daily basis.

**Notwithstanding anything to the contrary contained in this policy, no liability attaches to the Assurer:**

For any loss, damage, or expense which would be payable under the terms of the American Institute Time (Hulls) Form - Current Revision - or in case insurance hereunder is upon a towing vessel(s) American Institute Tug Form - Current Revision form of policy on hull and machinery, etc., if the vessel were fully covered by such insurance sufficient in amount to pay such loss, damage or expense.

For any loss, damage or expense sustained by reason of capture, seizure, arrest, restraint or detainment, or the consequence thereof or of any attempt threat; or sustained in consequence of military, naval or air action by force of arms, including mines and torpedoes or other missiles or engines of war, whether of enemy or friendly origin; or sustained in consequence of placing the vessel in jeopardy as an act or measure of war taken in the actual process of a military engagement, including embarking or disembarking troops or material of war in the immediate zone of such engagement; and any such loss, damage and expense shall be excluded from this policy without regard to whether the Assured's liability therefore in based on negligence or otherwise, and whether before or after a declaration of war.

For any loss, damage, or expense arising from the cancellation or breach of any charter, bad debts, fraud of agents, insolvency, loss of freight hire or demurrage, or as a result of the breach of any undertaking to load any cargo, or in respect of the vessel named herein engaging in any unlawful trade or performing any unlawful act, with the knowledge of the Assured.

For any loss, damage, expense, or claim arising out of or having relation to the towage of any other vessel or craft, whether under agreement or not, unless such towage was to assist such other vessel or craft in distress to a port or place of safety, provided, however, that this clause shall not apply to claims under this policy for loss of life or personal injury to passengers and/or members of the crew of the vessel named herein arising as a result of towing.

For any claim for loss of life or personal injury in relation to the handling of cargo where such claim arises under a contract of indemnity between the Assured and his sub-contractor.

It is expressly understood and agreed if an when the Assured under this policy has any interest other than as a shipowner in the vessel or vessels named herein, in no event shall the Assurer be liable hereunder to any greater extent than if such Assured were the owner and were entitled to all the rights of limitation to which a shipowner is entitled.

Unless otherwise agreed by endorsement to this policy, liability hereunder shall in no event exceed that which would be imposed on the Assured by law in the absence of contract.

Liability hereunder in respect of any one accident or occurrence is limited to the amount hereby insured.

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

**SECTION XP**

**Where the word "policy" appears herein, it shall be deemed to read "section".**

**THIS SECTION IS A SEPARATE INSURANCE BUT IS SUBJECT ALWAYS TO THE OTHER TERMS AND CONDITIONS STATED IN THIS POLICY EXCEPT FOR THE TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF SECTION HM, IV, PI AND PL.**

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**American Institute**  
**EXCESS MARINE LIABILITIES CLAUSES**  
(November 3, 1977)

**8-A**

To be attached to and form part of Policy No. GCM 19487 of the Subscribing Underwriters

1 I. Insures STATE OF LOUISIANA  
2  
3

4 (hereinafter called the "Assurer") against excess liabilities of the Assured as hereinafter described and subject to the terms and conditions  
5 hereinafter set forth, in respect only of the liabilities or expenses checked and for which a premium is shown in the following schedule:

6 Section	Covered	Premium
7 a) Excess Protection and Indemnity incl. Masters/Crew and/or Employees ..	( X )	\$ <u>Included</u>
8 b) Excess Collision Liability .....	( X )	\$ <u>Included</u>
9 c) Excess Collision, Including Tower's Liability (where applicable) .....	( X )	\$ <u>Included</u>
10 d) Excess General Average and Salvage .....	( )	\$ _____
11 e) Excess Sue and Labor Charges .....	( )	\$ _____
12 f) Excess Ship Repairer's Legal Liability .....	( )	\$ _____
13 g) Excess .....	( )	\$ _____
14	TOTAL	\$ <u>As Agreed</u>

15 2. Period: At and from the 1st day of July, 20 01.

16 To the: 1st day of July, 20 04.

17 Beginning and ending with Noon, Central Standard Time.

18 **EXCESS PROTECTION AND INDEMNITY**

19 (a) These Underwriters agree to indemnify the Assured for all liability, loss, damage or expense insured against under the Protection and  
20 Indemnity policies described in the Schedule of Underlying Insurances (hereinafter referred to in this Section and the General Conditions as the  
21 "Primary Policies"); but this insurance is warranted free from claim hereunder unless such liability in respect of the same accident (or  
22 occurrence, if the Limits of Liability of the Primary Policies are written on an occurrence basis) exceeds the Limits of Liability of the Primary  
23 Policies in which event these Underwriters shall be liable only for the amount by which such liability exceeds such underlying Limits of  
24 Liability, but in no event for more than the Limit of Liability of this insurance.

25 **EXCESS COLLISION**

26 (b) These Underwriters agree to indemnify the Assured for sums not recoverable in full by the Assured under the Collision Clause of the  
27 policies on Hull and Machinery (including Increased Value with excess liabilities, if any, or under any other policies insuring collision liability)  
28 described in the Schedule of Underlying Insurances (hereinafter referred to in this Section and in the General Conditions as the "Primary  
29 Policies"), by reason of the Assured's collision liability exceeding the amount insured against collision liability as stated in the Primary  
30 Policies, but in no event for more than the Limit of Liability of this insurance.

31 **EXCESS COLLISION INCLUDING TOWER'S LIABILITY**

32 (c) These Underwriters agree to indemnify the Assured for sums not recoverable in full by the Assured under the Collision Clause incorporating  
33 tower's liability, of the policies on Hull and Machinery (including Increased Values with excess liabilities, if any, or under any other policies  
34 insuring collision and tower's liability) described in the Schedule of Underlying Insurances (hereinafter referred to in this Section and in  
35 the General Conditions as the "Primary Policies"), by reason of the Assured's collision and/or tower's liability exceeding the amounts insured  
36 against collision and tower's liability as stated in the Primary Policies, but in no event for more than the Limit of Liability of this insurance.  
37 These Underwriters shall not be required to indemnify the Assured under Section (b) of this Policy with respect to any vessel insured under this  
38 Section (c).



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39 **EXCESS GENERAL AVERAGE AND SALVAGE**

40 (d) These Underwriters agree to indemnify the Assured for General Average and Salvage not recoverable in full by the Assured under the policies  
41 on Hull and Machinery (including Increased Value with excess liabilities, if any) described in the Schedule of Underlying Insurances  
42 (hereinafter referred to in this Section and in the General Conditions as the "Primary Policies"), by reason of the difference between the  
43 insured value of the Vessel as stated in the Primary Policies (or any reduced value arising from the deduction therefrom in the process of  
44 adjustment of any claim which law or practice or the terms of the Primary Policies may have required) and the value of the Vessel adopted for  
45 the purpose of contribution to General Average or Salvage charges, the liability under this Policy being for such proportion of the amount not  
46 recoverable as the Limit of Liability of this insurance bears to the said difference or to the total sum insured against excess liabilities if it  
47 exceeds such difference, but in no event for more than the Limit of Liability of this insurance.

48 **EXCESS SUE AND LABOR CHARGES**

49 (e) These Underwriters agree to indemnify the Assured for Sue and Labor Charges not recoverable in full by the Assured under the policies on  
50 Hull and Machinery (including Increased Value with excess liabilities, if any) described in the Schedule of Underlying Insurances (hereinafter  
51 referred to in this Section and in the General Conditions as the "Primary Policies"), by reason of the difference between the insured value of the  
52 Vessel as stated therein (or any reduced value arising from the deduction therefrom of any claim which the terms of the policies covering Hull  
53 and Machinery may have required) and the value of the Vessel adopted for the purpose of ascertaining the amount recoverable under the  
54 policies on Hull and Machinery (including Increased Value with excess liabilities, if any), the liability under this Policy being for such  
55 proportion of the amount not recoverable as the Limit of Liability of this insurance bears to the said difference or to the total sum insured  
56 against excess liabilities if it exceeds such difference, but in no event for more than the Limit of Liability of this insurance.

57 **EXCESS SHIP REPAIRER'S LEGAL LIABILITY**

58 (f) These Underwriters agree to indemnify the Assured for all liability, loss, damage or expense insured against under the Ship Repairer's Legal  
59 Liability policies described in the Schedule of Underlying Insurances (hereinafter referred to in this Section and in the General Conditions  
60 as the "Primary Policies"), but this insurance is warranted free from claim hereunder unless such liability in respect of the same accident (or  
61 occurrence if the Limits of Liability of the Primary Policies are written on an occurrence basis) exceeds the Limits of Liability of the Primary  
62 Policies in which event these Underwriters shall be liable only for the amount by which such liability exceeds such underlying Limits of  
63 Liability, but in no event for more than the Limit of Liability of this insurance.

64 **EXCESS**

65 (g) These Underwriters agree to indemnify the Assured for all liability, loss, damage or expense insured against under the \_\_\_\_\_  
66 \_\_\_\_\_  
67 \_\_\_\_\_  
68 policies described in the Schedule of Underlying Insurances (hereinafter referred to in this Section and in the General Conditions as the  
69 "Primary Policies"), but this insurance is warranted free from claim hereunder unless such liability in respect of the same accident ( or  
70 occurrence if the Limits of Liability of the Primary Policies are written on an occurrence basis) exceeds the Limits of Liability of the Primary  
71 Policies in which event these Underwriters shall be liable only for the amount by which such liability exceeds such underlying Limits of  
72 Liability, but in no event for more than the Limit of Liability of this insurance.

**GENERAL CONDITIONS**

73 3. These Underwriters shall not be called upon to assume charge of the settlement or defense of any claim made or suit brought or proceeding  
74 instituted against the Assured, but these Underwriters shall have the right and shall be given the opportunity (without incurring any liability for  
75 cost or expenses thereof except as herein provided) to associate with the Assured or the underwriters on the Primary Policies, or both, in the  
76 defense and control of any claim, suit or proceeding which involves or appears likely to involve these Underwriters, in which event the Assured,  
77 the underwriters on the Primary Policies and these Underwriters shall cooperate in all matters in the defense of such claim, or proceeding.

78 4. In the event the Assured or the underwriters on the Primary Policies elect not to appeal a judgment in excess of the Limits of Liability as  
79 stated in the Primary Policies, these Underwriters may elect to make such an appeal at their sole cost and expense and shall be liable for  
80 the taxable costs and disbursements and interest incidental thereto, but in no event shall the liability of these Underwriters exceed the Limit of  
81 Liability of this insurance plus the cost and expense of this appeal.

82 5. In case of payment made hereunder, these Underwriters may act together with all other interests ( including the Assured) in the exercise of  
83 any rights of recovery against third parties with respect to the loss paid by the Assured, underwriters on the Primary Policies and these Under-  
84 writers. The apportionment of any amounts which may be recovered from third parties shall follow the principle that any interest (including that  
85 of the Assured) that shall have paid an amount over and above any payment made hereunder by these Underwriters shall first be reimbursed up  
86 to the amount paid thereby; these Underwriters will then be reimbursed out of any balance remaining up to the amount paid thereby and  
87 hereunder, finally, the interests (including that of the Assured) of whom this Policy is in excess are entitled to claim the balance, if any.  
88 Expenses necessary to the recovery of any such amount shall be apportioned between the interest ( including the Assured) concerned, in the  
89 proportion that their respective recoveries are finally settled.

90 6. It is a condition of this Policy that all Primary Policies, in which the Assured has an interest, are scheduled and that the said Primary Policies  
91 shall be maintained in full force and effect during the term of this Policy and that no changes shall be made in the Primary Policies which  
92 broaden the insuring conditions thereof or reduce the amounts collectible thereunder. In the event of a breach of any of the aforesaid  
93 conditions this Policy shall be null and void, unless otherwise agreed in writing by these Underwriters. These Underwriters shall be furnished  
94 with copies of the Primary Policies and any amendments thereto at their request.

95 7. The term "Assured" is used severally and not jointly, but the inclusion herein of more than one Assured shall not operate to increase the  
96 liability of these Underwriters.

97 8. The Assured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give prompt notice thereof to these Underwriters.

98 9. ~~Either these Underwriters of the Assured may cancel this insurance by giving the other fifteen (15) days written notice, after which this Policy~~  
99 ~~shall be of no force or effect. Written or telegraphic notice sent to the Assured at its last known address shall constitute complete notice of~~  
100 ~~cancellation. Such notice sent to the Assured in care of the broker who negotiated this Policy shall have the same effect as if sent directly to the~~  
101 ~~Assured. If cancellation is at Assured's option, these Underwriters will retain earned premium hereunder as per customary short rate table; if~~  
102 ~~cancellation is at these Underwriters' option, pro rata unearned premium will be returned as soon as practicable. All returns shall be net.~~

**\*\* THIS PAGE DOES NOT HAVE TO BE RETURNED \*\***

- 103 10. Regardless of the number or types of liabilities insured against hereunder, or the number of vessel or risks involved, these Underwriters shall  
 104 not be liable under this Policy for more than \$ 24,000,000.00 any one accident or series of accidents arising out of the same event, but in no  
 105 event shall the liability of these Underwriters under any individual section of this Policy exceed the Limit of Liability scheduled for that section  
 106 in Column "A" below for any accident or series of accidents arising out of the same event.
- 107 11. This insurance shall cover only those excess liabilities specified in paragraph 1, for not exceeding the amounts specified under Limit of  
 108 Liability in Column "A" below, being excess of Primary Limits specified in column "B" below, but subject to the terms and conditions  
 109 otherwise specified herein.
- 110 The listing below of Underlying Insurances which include risks not otherwise insured against under this Policy, shall not be deemed to  
 111 be an acceptance by these Underwriters as protection against such risks, nor shall the Assured recover from these Underwriters any deductible or  
 112 self insured retention under Primary Policies.

LOCATION OR VESSEL	SCH. OF UNDERLYING INS.	COLUMN A		COLUMN B PRIMARY LIMITS
		COMBINED SINGLE LIMIT OF LIABILITY 1ST LAYER	COMBINED SINGLE LIMIT OF LIABILITY 2ND LAYER	
As Per Schedule	As per Sections HM and PI of this policy and in respect of Crew Liability as per renewal or rewrite thereof.	\$4,000,000.00	\$20,000,000.00	\$1,000,000.00

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**Gulf Coast Marine, LLC**  
**Marine Underwriters**  
**Metairie, LA 70002**

**SECTION PL**

**Where the word "policy" appears herein, it shall be deemed to read "section".**

**THIS SECTION IS A SEPARATE INSURANCE BUT IS SUBJECT ALWAYS TO THE OTHER TERMS AND CONDITIONS STATED IN THIS POLICY EXCEPT FOR THE TERMS AND CONDITIONS ATTACHED TO AND FORMING PART OF SECTION HM, IV, PI AND XP.**

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**MARINE INSURANCE POLICY**

**VESSEL OWNER POLLUTION COVERAGE**

DECLARATIONS PAGE -   The declarations page provides the specific information on the insurance you have chosen to protect your liability as per terms of this policy.

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AGREEMENT .....	2
DEFINITION .....	2
COVERAGES .....	3
LIMITS OF LIABILITY .....	4
EXCLUSIONS AND LIMITATIONS .....	5
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## AGREEMENT

We will provide the insurance in this Policy in return for the premium and subject to all the provisions of this Policy. Coverage is provided subject to the Amount of Insurance shown on the Declarations Page.

This Policy consists of five Sections, A through E. Section A contains important definitions as used in connection with this Policy. Section B describes Your coverage under this Policy. Section C, D and E describe limits, exclusions and other important conditions to this insurance. Please read all the Sections of this Policy.

## SECTION A: DEFINITIONS

In the policy, "You" and "Your" refer to the Named Insured shown in the "Declarations Page". "We", "Us" and "Our" refer to the Company providing this insurance. In addition, certain words and phrases are defined as follows:

1. **CERCLA** - Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601, et seq.,
2. **INCIDENT** - An incident is an event that exposes You to liability under OPA90 or CERCLA or FWPCA for which Section B provides coverage.
3. **FWPCA** - Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. 1321, et seq.
4. **OPA90** - The Oil Pollution Act of 1990, P.L. 101-380; 33 U.S.C. 2701 et seq.
5. **DEFENSE COSTS** - All Legal expenses and other similar costs that are paid by You as a direct result of an incident insured by this policy.



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## **SECTION B: COVERAGES**

Coverage applies to all vessels listed on the Declaration Page or on the Schedule of Vessels page, for incidents that occur during the effective period of this policy. Any vessel not listed is not covered. Subject to all EXCLUSIONS and LIMITATIONS in section C and D, and subject to all the terms and conditions elsewhere in the Policy. We will indemnify You for the following ten coverages:

1. OPA90 (Federal) – Removal costs and expenses paid by You under Section 1002 of OPA90 (33 U.S.C. §2702), for which liability would have been imposed under the laws of the United States if You had not voluntarily undertaken the removal of oil.
2. OPA90 (State) – Your liability under state law for those removal costs and expenses referred to in Section 1002 (33 U.S.C. §2702) of OPA90 but only to the extent that these could have been recovered under OPA90.
3. OPA90 – Your costs and expenses You have paid either in avoiding or mitigating the liability in 1. OPA90 (Federal) or 2. OPA90 (State) as described above.
4. CERCLA – Costs and expenses You have paid where liability would have been imposed upon You if You had not acted voluntarily under 107 (a) (1) (A) and (B) of CERCLA (42 U.S.C. §9607 (a) (1) (A)) and with specific regard to “removal” “response” or “remedial action” as these terms are defined and applied under §101 (23) – (25) of CERCLA (42 U.S.C. §9601 (23) – (25)). This coverage includes claims for contributions under §1013 (f) (1) of CERCLA (42 U.S.C. §9613 (f) (1)).
5. Miscellaneous Spill Liability – Costs and expenses paid by You to mitigate liabilities for incidents where such occurrences are insured by this policy, but subject to our WRITTEN EXPRESSED PRE-APPROVAL.
6. Defense Costs – Costs and expenses paid by You to investigate and pursue a legal defense against claims or liabilities insured by this Policy. This coverage will terminate upon payment of judgements or settlements which exhaust the amount of insurance as stated in the declarations page of this policy.

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7. Firefighting and Salvage – Firefighting, salvage, offloading, and disposal of cargo, but ONLY to the extent that such actions contribute to stopping a discharge or release, OR prevent a substantial threat of a discharge or release under OPA 90, CERCLA, or the FWPCA.
8. Limited Administrative Penalties – Your liability under the section of the Federal Water Pollution Control Act (“FWPCA”) that was amended by OPA90 to allow for administrative penalties against You under Section (b) (6) (A) (i) of the FWPCA. The maximum amount of insurance payable by this Policy for this coverage is two hundred and fifty thousand dollars (\$250,000.) per incident, per vessel, and shall be a separate limit from the amount of insurance shown elsewhere in the Policy. Penalties imposed under any other section of FWPCA, any other Federal Statute, or the laws of any state or subdivision thereof are specifically EXCLUDED.
9. Public Relations – Sixty percent of the costs and Expenses paid by You with our prior written consent for public relations during the removal phase of an incident arising out of a claim covered elsewhere in this policy. The maximum amount of insurance payable by this policy for this coverage is one hundred thousand dollars (\$100,000) per incident, per vessel, and shall be a separate limit from the amount of insurance shown elsewhere in the policy.
10. Spill Management – Where an incident has taken place, We shall conduct SPILL MANAGEMENT AND INCIDENT CONNECTED FUNCTIONS on Your behalf. Your complete cooperation is required.

## **SECTION C: LIMITS OF LIABILITY**

The Amount of Insurance stated in the Declarations Page is the most we will pay under this Policy for the total of coverages B.1. through B.7. above for any one vessel in any one incident (except for Limited Administrative Penalties and Public Relations as described in Section B.8. and B.9. of this Policy). If more than one vessel is shown on the Declarations Page or the Schedule of Vessels of this Policy, then the Amount of Insurance shown on the Declarations Page applies separately to each vessel for each incident.

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- g) Oil drilling, mineral extraction, and exploration activities.
- h) Any injury or damage that was either expected or intended by You.

## **SECTION E: GENERAL CONDITIONS APPLICABLE TO ENTIRE POLICY**

1. **DIRECT CLAIMS AGAINST US:** All terms, exclusions, conditions and limitations described in this Policy are applicable to any direct actions against Us concerning a liability of Yours covered, or potentially covered, by this Policy.
2. **COOPERATION:** Your cooperation is required as a condition of this insurance.
3. **SUBROGATION:** In exchange for any payment under this Policy to You, We will be subrogated to all of the rights You would have had against any other person, thing or entity. In this connection You will do nothing to prejudice those rights. You will cooperate with Us fully and do all things that may be necessary to help Us enforce such rights, including but not limited to:
  - i) signing all documents necessary for Us to enforce those rights.
  - ii) providing Us or designated attorneys with legal papers, documentation, witnesses, etc.
  - iii) allowing Us to commence suit or arbitration (at our cost and expense) in Your name.
4. **YOUR ASSISTANCE:** Your failure to provide such assistance and cooperation noted above entitles Us to withhold, cancel, deny, or refuse any payments that might otherwise be due under this Policy. You must also be careful to preserve attorney/client privileges that may apply if attorneys are retained by Us in regard to an Incident. This means that You must maintain the confidentiality of communications between You and Your attorneys in regard to an Incident for which You claim coverage under this Policy. This obligation applies whether or not such attorneys are appointed by Us or by You.



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5. **IF WE ARE SUED DIRECTLY BECAUSE OF AN INCIDENT INVOLVING YOU:** In the event liability is imposed upon Us because of Your activities such as in a direct action brought against Us on account of an Incident, We retain the right to pursue a recovery from You to the extent the action seeks recovery for claims not insured under this Policy, regardless of the reason or theory on which the sums are sought from Us.
6. **AUTHORIZED SETTLEMENT LIMITATION:** If We authorize a specific sum for the settlement of any claim or liability insured under this policy, and You fail or refuse for any reason to promptly offer that sum in settlement of the claim or liability then our maximum liability for that claim shall NOT EXCEED the sum We had authorized for the settlement.
7. **CAPTIONS AND HEADINGS:** The captions and Headings used in this Policy and any endorsements are for convenience of reference only; they do not constitute a part of the Policy's coverage provisions.
8. **SUIT LIMITATIONS :** No suit, action, or claim against Us, under this policy may be commenced unless all the requirements of this policy have first been complied with, and in no event later than ONE YEAR after the earlier of the following:
  - a) The date final judgment or decree is entered against You for a liability allegedly covered under this POLICY, or
  - b) The date You have made a payment to satisfy a liability allegedly covered by this POLICY even though a judgment or decree has not been entered against You in regard to that liability.
9. **NO ADMISSION:** In the event of an incident, You must make NO ADMISSION of liability without our prior consent. Where a responsible official under CERCLA or OPA90 requests information, You may provide such information without our prior consent.
10. **EXCESS, WHERE YOU HAVE OTHER INSURANCE COVERAGE FOR YOUR CLAIM:** If at the time of the incident You had other insurance covering some or all of the same liabilities as are covered by this Policy, this Policy will then be in EXCESS of Your other insurance and liability and defense costs will not be shared between this Policy and Your other insurance.

11. NOTICE: It is essential that You provide Us with IMMEDIATE NOTICE of the occurrence of any incident which is potentially covered by this POLICY and/or to which You may have liability or as to which You may be required to enter a defense. This notification must be sent to Us at:

Great American Insurance Company of New York  
125 Maiden Lane  
New York, New York 10038

within thirty (30) days of the incident.

12. LIMITATION DUE TO FAILURE TO NOTIFY: We will not have any exposure or liability under this POLICY if, for lack of IMMEDIATE NOTICE an Incident is made worse or more extensive because We were unable, for lack of IMMEDIATE NOTICE, to undertake effective managerial or remedial measures.
13. CANCELLATION: Either You or We may cancel this Policy by giving thirty (30) days written notice to the other stating when cancellation is to be effective. If You cancel You must send notice to Your agent/producer or:

Great American Insurance Company of New York  
125 Maiden Lane  
New York, New York 10038

We will notify You of any cancellation by mailing notice to You at the address noted on the Declarations Page of this Policy. We reserve the right to cancel this policy within ten (10) days for non-payment of premium.

14. POLICY PERIOD: This Policy applies only to incidents which occur during the policy period as shown on the Declarations Page.
15. MISREPRESENTATION: Any concealment or misrepresentation by You of any material fact or circumstance relating to this insurance, or any claim or incident hereunder will void this policy completely as to any and all claims and incidents, whether such concealment or misrepresentation is deliberate, negligent, inadvertent, innocent, or otherwise.
16. TRANSFER OF YOUR INTEREST IN THIS POLICY: Your rights and duties under this Policy may not be assigned without our written consent. Upon any sale, transfer, or other change in ownership of

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any vessel(s) named in the Declarations Page, this Policy will be cancelled as of that time and date and a pro rata return premium will be granted.

17. CONFORMING WITH STATUTE: Any terms of this Policy which are in conflict with the State in which this Policy is issued are hereby amended to conform with such statutes, with respect to general conditions only.
18. CHOICE OF LAW: The terms of this Policy shall be construed pursuant to, and the rights of the parties hereto shall be governed and controlled by, the general maritime law of the United States; and in the absence thereof, the laws of the State of New York .

If, after an incident, You are entitled to limit your liability for the event by application of the Limitation of Liability Act (46 U.S.C. §181, et seq.), then the Amount of the Insurance payable for that incident under this Policy will be the lesser of:

1. The amount to which Your liability is limited under the Limitation of Liability Act, or
2. The total amount payable as described in the first paragraph of Section C: Limits of Liability.

#### **SECTION D: EXCLUSIONS AND LIMITATIONS**

The following are excluded from the coverage of this policy and We shall not pay or indemnify You for them:

1. Any liability imposed on You under any state law which liability is greater, broader and/or more extensive than the liability that would be imposed under Section 1002 of OPA90 (33 U.S.C. §2702) or under CERCLA.
2. Any claim, cost, expense or liability of any nature arising from any of the following:
  - a) Willful misconduct on Your part that causes an incident, whether directly or indirectly, and whether in whole or in part. (Willful means an intentional spill or leak or behavior on Your part that is so careless and reckless as to show an indifference to consequences.
  - b) Claims arising out of an act or acts of war.
  - c) Claims arising in regard to radioactive materials and/or a nuclear incident.
  - d) Any person's illness, disability, physical or personal injury; and/or wrongful death claims or liability under any workman's compensation law or similar law.
  - e) An obligation imposed on You by contract and NOT by law.
  - f) Fines, punitive damages and penalties and/or exemplary damages, except those covered by section B.8.



Any provisions required by law to be stated in policies issued by a subscriber hereto, shall be deemed to have been stated herein.

IN WITNESS WHEREOF, the subscribers hereunder each severally, but not jointly, and not on the part of one for the other or any of the others have caused this policy to be signed by a duly authorized representative, this 1st day of July, 2001.

It is expressly understood and agreed by the Assured by accepting this instrument that GULF COAST MARINE, LLC is not one of the Underwriters or Assurers hereunder and neither is nor shall be in any way or to any extent liable for any loss or claim whatever as insurer, but the Assurers hereunder are only those Underwriters whose names appear below.

STATE OF LOUISIANA (GCM 19487)

ASSURER	AMOUNT INSURED	PREMIUM	AUTHORIZED SIGNATURE FOR ASSURER
SECTION HM -- <u>HULL &amp; MACHINERY</u>			
ZURICH-AMERICAN INSURANCE COMPANY	100%	AS AGREED	
SECTION IV -- <u>INCREASED VALUE</u>			
ZURICH-AMERICAN INSURANCE COMPANY	100%	AS AGREED	
SECTION PI -- <u>PROTECTION &amp; INDEMNITY</u>			
ZURICH-AMERICAN INSURANCE COMPANY	100%	AS AGREED	
SECTION XP -- <u>EXCESS PROTECTION &amp; INDEMNITY INCL. MASTERS/CREW AND/OR EMPLOYEES</u>			
FIRST LAYER (\$4,000,000.00) --			
ZURICH-AMERICAN INSURANCE COMPANY	100%	AS AGREED	
SECOND LAYER (\$20,000,000.00) --			
FIREMAN'S FUND INSURANCE COMPANY	100%	AS AGREED	
SECTION PL -- <u>POLLUTION LIABILITY</u>			
GREAT AMERICAN INSURANCE COMPANY	100%	AS AGREED	

ON BEHALF OF ALL SUBSCRIBING UNDERWRITERS:

GULF COAST MARINE/LLC

BY:

*Joseph A. Roman*